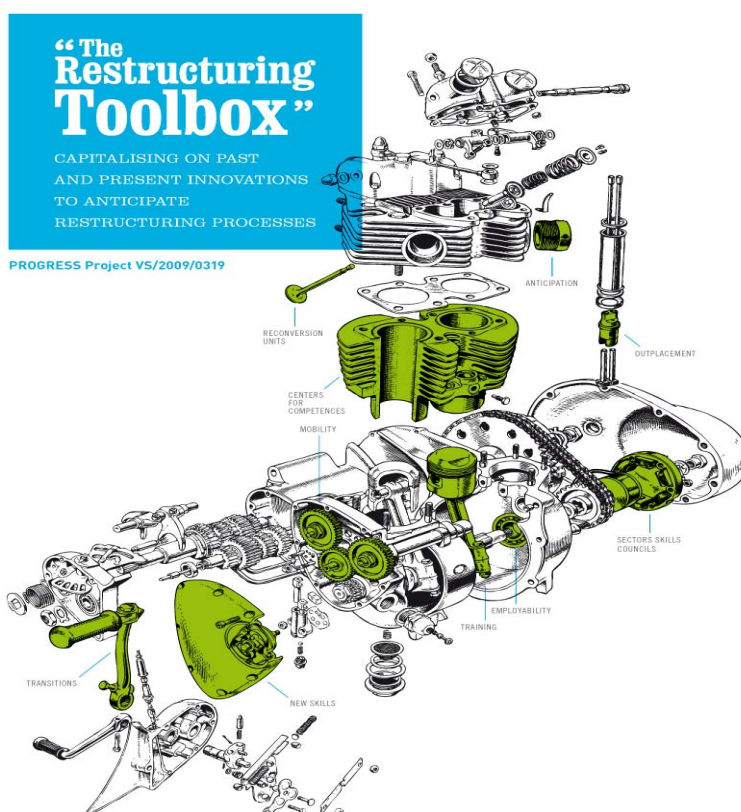
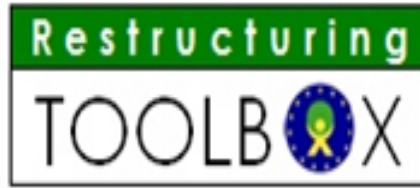


European Restructuring Toolbox

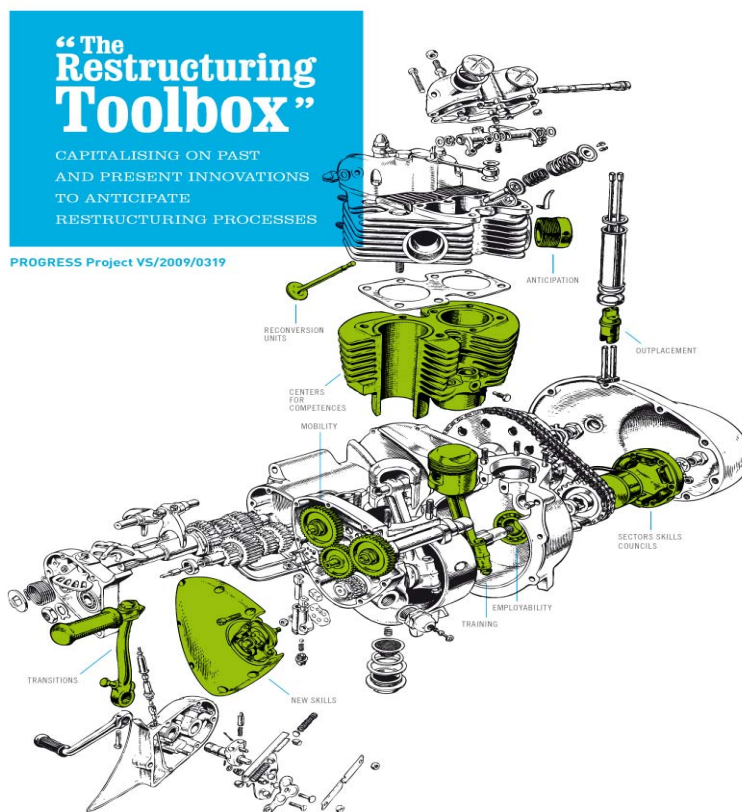
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European Restructuring Toolbox

July 2010



Technical Coordination:
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The Restructuring Toolbox Partnership:



Promoter: The European Vocational Training Association_EVTA-AEFP. EVTA has been in charge of the coordination of the project and of the dissemination of its results. As a network of VET associations, EVTA tried to open a broad discussion on the role of VET in restructuring and anticipating actions. EVTA president, Mr Donal Sands, chaired the final conference of the restructuring toolbox project.

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1. INTRODUCTION

The issue of restructuring has been placed at the top of the agenda of social partners, managers and social workers across the world since the beginning of the 2007 economic crisis, which worsened in September 2008. Anticipating, managing, limiting and cushioning job losses, however caused (from mass redundancies following big company closures to sporadic lay-offs in small and medium-sized enterprises (SMEs) and the termination of contracts of casual workers) is increasingly challenging in this difficult context. However it should be highlighted that, even in previously less challenging times, restructuring had already made its mark as a permanent, structural component of the economic fabric of everyday life.

This raises at least two different, although interlinked, questions. The first concerns the justification for redundancies. While it is generally accepted that outdated non competitive activities should be terminated, more controversial are the choices made by transnational firms over relocating to low-cost plants in low-wages countries, and closing or downsizing less competitive, but nonetheless profitable plants in more developed countries. One of the main lessons of the past 30 years in this field is that whatever the company's economic situation restructuring calls for the active engagement of the social partners in the anticipation and management of change at all levels.

The second question relates to the management of the entire restructuring process in order to limit the negative effects on workers, companies and regions and to find responses to mass unemployment and the destruction of skills and skilled occupations. Both questions are interconnected when some actors (typically trade unions and/or local authorities) contest the size and/or the necessity of the announced redundancies and try to curb the employer's decision towards what they deem less destructive outcomes.

This toolbox focuses on restructuring, i.e. situations where non routine changes are, directly or indirectly, imposed upon companies and individuals' jobs (or the purpose or location of their jobs), usually involving job losses or the risk of job losses. It is a compilation of numerous experiences covering the whole process, from anticipation to permanent actions implemented long before any redundancies are announced to the final evaluation of the consequences of restructuring.

This user's manual presents a method of how to learn from each other's experiences and innovative actions. It aims to answer whether it possible to capitalise on decades of rich experience in various European countries by 'replanting' tools that worked well in certain regions or sectors into different context and countries and, if it is, how this can be achieved.

The toolbox itself describes more than sixty such restructuring tools and institutional schemes that have already been implemented in countries, regions, local labour markets or by companies. The way in which to best use these tools is described in this user's manual.

2. USER'S MANUAL

This user's manual gives the basic information and analytical background necessary to understand the meaning, scope and possible limitations of this toolbox and its fiches. It is organised into seven sub-sections under Section 2; User's Manual:

Section 2.1 - A new knowledge on restructuring - presents the nature of the restructuring process. Restructuring processes vary enormously depending on whether the organisation concerned is a large transnational firm or a SME and the nature of the workers' employment contracts.

Section 2.2 - An enlarged vision - takes stock of the existing European model aimed at dealing with restructuring and underlines areas where improvements are necessary.

Section 2.3 - Persisting national differences presents the diversity of national/sector contexts and institutions governing restructuring across Europe. Relying on a previous comparative study¹, it shows that important and persistent differences exist across the EU. The legal framework, the role of actors and even their priorities differ significantly from Sweden to France and from the UK to Poland. These issues should be taken into account when users read a fiche describing a practice observed in a given country or sector.

Section 2.4 - The evolving nature of restructuring - presents the changes currently being experienced in restructuring.

Section 2.5 - Adapting the labour market - identifies the broad tasks that have to be performed in order to anticipate and manage restructuring. The basic idea underlying this section is that specific elements in a given setting or mechanism, such as an outplacement network or a bargaining unit, may reinforce each other in achieving a given task. Tasks are completed through interactions between different components of a given device or practice and between several devices or practices. The identification of these interactions is crucial for understanding why some devices are performing well in a given context and poorly in another, and for identifying the interacting elements that may prove relevant in a given situation.

Section 2.6 - What makes devices translatable - introduces the notion of functional equivalents and its meaning.

Section 2.7 - How to use these fiches - describes the fiches' content and the various ways in which they can be used.

Section 2.8 - Developing this toolbox and beyond - presents some of the possible further developments in this field.

¹ Gazier, B. and Bruggeman, F. (eds) *Restructuring Work and Employment in Europe*, Edward Elgar Publishing, 2008.

2.1 A new knowledge on restructuring ...

Our collective knowledge of restructuring has been greatly deepened by the Gyllenhammar report², the creation of the EMCC (European Monitoring Centre on Change) in 2001³, the Article 6 European Social Funds call for proposals dedicated to innovative approaches to the management of change from 2003 onwards⁴ and a number of studies⁵, projects⁶, seminars⁷ and forums⁸ dedicated to restructuring. It is now possible to precisely define restructuring; it is a process linked to change, it is company driven and it is ongoing. It takes place at many levels and involves a multitude of actors. Each of these characteristics will now be briefly explained.

A process linked to change: markets, technologies and productivity develop continuously and sometimes very rapidly. However whether rapid or slow, these developments bring with them both risks and opportunities resulting in companies changing direction. Change is a complex and multi-faceted phenomenon and it is only when the very structure of a given company requires change or modification that restructuring occurs. In a way, restructuring is the negative side of change. At this point, an important issue must be raised; in theory change in company structures may trigger job destruction, but it may also trigger job creation. This is why the Dublin Foundation regularly provides information on job creation and job destruction linked to restructuring⁹ in Europe. However, from a practical point of view, the difficulties and problems triggered by job destruction require specific tools and settings to be addressed. This is why all the tools, settings and mechanisms described in this toolbox refer to situations where non-routine change is imposed upon individuals' jobs, their purpose or location, and where this entails job losses or the risk of job losses.

A company-driven process: the mechanism which triggers restructuring serves to highlight why, even though change is a continuous process, restructuring is not. At company level, restructuring is not triggered by markets nor technologies but by managerial decisions which depend on strategies, information, skills, abilities and the possibilities to understand situations and anticipate their development. It also explains why restructuring processes are so different. They unfold in situations that are as

² High Level Group on Economic and Social Implications of Industrial Change, *Managing change*, Final Report, 1998, European Commission.

³ The European Monitoring Centre on Change (internet <http://www.eurofound.europa.eu/emcc/about.htm>) provides information (see European Restructuring Monitor) and knowledge on restructuring in Europe (see annual reports).

⁴ A synthesis of the 47 projects carried out under this framework has recently been done. See GHK, *Toolkits for restructuring based on innovative actions of European Social Funds Article 6 projects*, November 2009, DG Employment, Social Affairs and Equal Opportunities.

⁵ Moreau, Marie-Ange (ed.) in collaboration with Negrelli, Serafino & Pochet, Philippe, *Building Anticipation of Restructuring in Europe*, P.I.E. Peter Lang, Bruxelles, Bern, Frankfurt am Main, New York, Oxford, Wien, 2009. Kieselbach, Thomas (co-coordinator), *Health in Restructuring: Innovative Approaches and Policy Recommendations*, Rainer Hampp Verlag, München, 2009.

⁶ MIRE (Internet: <http://www.mire-restructuration.eu/>), AgirE (Internet: http://www.fse-agire.com/rubrique.php?id_rubrique=2), Works (Internet: <http://www.worksproject.be/home.htm>), Regards croisés sur la gestion des restructurations (Internet: <http://www.grep.fr/projets/Art6SyntheseConfParis.pdf>).

⁷ The European Social Partners held 27 seminars across Europe on restructuring. See Wild, Alan, *Improving the anticipation and management of restructuring... adding value through social partner engagement*, Synthesis Report, January 2010. Available online at http://www.spcr.cz/files/en/eu/esd/IP2_-_Joint_Study_on_Restructuring_in_the_EU_-_Final_EN.pdf. 'Synthesis Report: Improving the anticipation and management of restructuring ... adding value through social partner engagement'

⁸ Since 2005 the European Commission Task Force on Restructuring has regularly organised forums dedicated to restructuring on various themes (Regions, SMEs, anticipation, climate change). See internet: <http://ec.europa.eu/social/main.jsp?catId=783&langId=en>.

⁹ For a theoretical and practical presentation on this topic, see Storrie, Donald, *Restructuring and employment in the EU: Concepts, measurement and evidence*, EMCC report, Dublin Foundation, 2006.

diverse as the companies themselves (size, resources, degree of independence, sector), the type of decisions taken (mergers, demergers, relocation, closure, reorganisation), the characteristics of the situations encountered (bankruptcy, sudden deterioration of competitiveness, change of strategy, or a long-term anticipatory move) and the risks incurred by the parties concerned (size of the risks and opportunities for companies, state of the local labour market, the economic and social situation of regions and the efficacy of welfare protection for employees).

Ongoing restructuring: the permanence of restructuring is now widely acknowledged, but it is important to understand the context. Workplaces such as factories, call centres, research centres or administrative headquarters are not subject to daily upheavals. At this level of the production process, organisations need some sort of stability in order to function. It is at regional level and large company levels that the permanence of restructuring can be observed.

Multilevel processes: restructuring typically hits a given plant, office or research centre, located in a given region, embedded in a given economic fabric and within local labour markets. But firms, even where they are relatively small, are increasingly organised as a group of companies, often operating in several countries generally as part of a network. In such cases, decisions affecting restructuring may be taken in a different company than the one in which it occurs - sometimes in another country - and the effects are generally felt right through the network. Similarly, regulation generally involves regional, national and European policies which are difficult to coordinate.

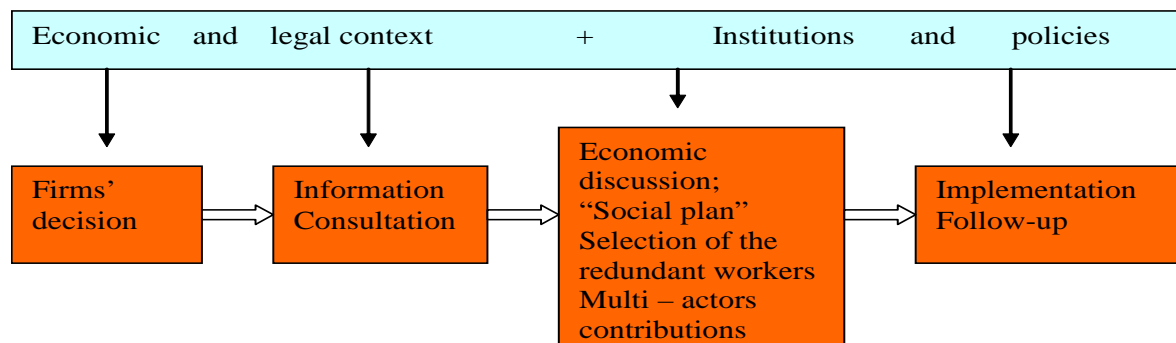
Multi-actor processes

For a number of years, companies and their management, workers and their representatives have been deemed as the only actors concerned and affected by restructuring processes. Although they are the main actors, it is clear that the regions also have an important role to play for two reasons:

- i. Restructuring triggers a variety of social, economic, financial and environmental problems for regions and has knock-on effects on the subcontracting chain, on local small and medium-sized companies, as well as on local development.
- ii. Intervention by regions adds an overarching perspective to the management of the restructuring process. Regions are able to combine both an economic and social approach (especially with regard to the consequences of restructuring) and overcome the limitations of the company role, extending management mechanisms to a set of companies as well as to a wider group of employees than those made redundant by one (big) company.

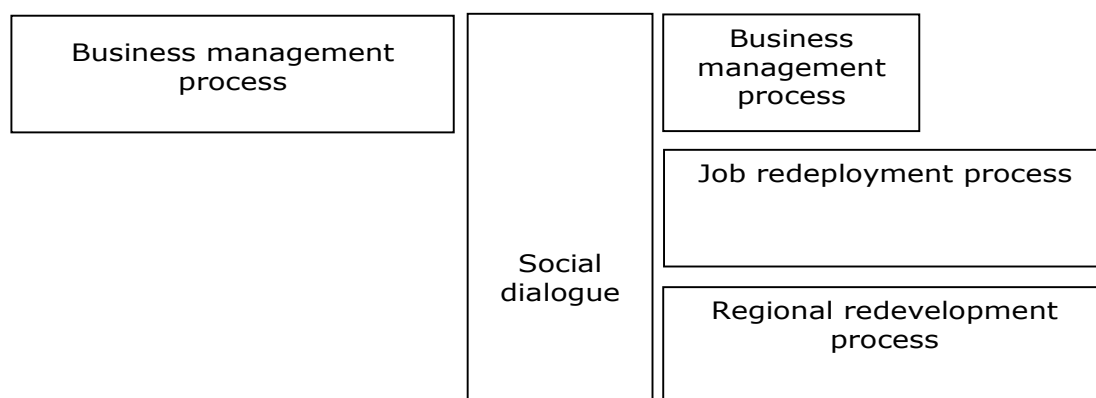
2.2 ... Leads to an enlarged vision

The restructuring process is often confused with mass redundancies and their consequences. The typical sequences in these processes are roughly identical everywhere, from their announcement and the selection of who to make redundant, to the negotiation of a social plan, to the choice and implementation of outplacement units, to possible economic regeneration initiatives and the possible (but rare) evaluation of results.



To manage these processes, no less than four directives¹⁰ have contributed to the emergence of a European basic model based on social dialogue. In different European countries, the regulations (a mix of laws, agreements and practices) require the formal announcement of the restructuring plan and the initiation of an information, consultation or negotiation procedure before the restructuring plan is carried out.

This approach to restructuring is not consistent across all EU countries as the thresholds which trigger legal obligations are not uniform. However, it has led to the systematic configuration of the restructuring process into three sub-processes: enterprise management, management of the re-employment of workers whose jobs are at risk and, where necessary, management of the redevelopment of the region in which the economic and social fabric is affected by restructuring:



On this basis a number of innovative practices (see Section 6.1 on transnational agreements) and new regulations focus on early warnings and attempt to improve the efficiency of social

¹⁰ Three directives are directly connected to restructuring ('employer insolvency', 'transfer of undertakings', 'collective redundancies') and a fourth 'European works councils'.

dialogue within a problem solving approach. Anticipation and the management of restructuring remains very weak in four areas: SMEs, agency workers, health care and evaluation.

- i. Despite the numerous differences within these process and priorities, the treatment of restructuring in large and often transnational firms does not result in enormous disparities. Of course, much depends on the quality of social relations and on the willingness demonstrated by management. Nevertheless, large firms have the means and expertise needed to ensure a consistent set of measures, from outplacement units to severance pay and economic regeneration. The largest inequities appear when one considers SMEs reliant upon public employment services, which may or may not be developed, and on the local context, which may or may not be flexible. This leads to sharp contrasts and inequalities between companies and (depending on the weight of SMEs) from one sector to another, in the same country. Taking the local context into account is crucial.
- ii. Agency workers and employees working directly for the employer on a fixed term contract are generally covered by regulations stating that they have to be treated in the same way as equivalent permanent employees. Yet, with few exceptions, agency and short-term contract workers have generally neither rights nor access to redundancy schemes. This is precisely the kind of problem that was revealed by the crisis in 2008. Most European countries had witnessed a significant increase in the use of agency and short-term contract workers during the previous years. Since the beginning of the crisis, it is possible to observe a big contraction in this type of employment with the corresponding workers being left without adequate protection.
- iii. We now know that restructuring has a strong negative impact on health. A ground breaking study has shown that plant closure has an effect on morbidity, multiplying it by two¹¹. The job insecurity involved in restructuring increases pressure on workers at risk of redundancy and those who leave the organisation, as well as those who stay (known as 'survivors' in academic literature). In most European countries, redundancy weakens individual health protection and makes it more expensive since the costs and quality of health care are very often linked to employment. Yet studies show that little data exists on this issue and the very first set of comprehensive recommendations has just been issued¹²
- iv. With regards to evaluation, an implicit consensus may be observed that evaluation focuses upon the resources deployed rather than on process management and quality of the results. We shall return to this question in Section 2.8.

Overcoming these weaknesses poses an enormous task for the future, although the toolbox is a first step in this direction. It presents several settings especially dedicated to SMEs. It describes a method for a comprehensive approach towards restructuring and presents a set of existing tools, devices and settings which address the entire range of problems linked to restructuring – from anticipation to job transition and redeployment. In order to properly understand these tools, it is necessary to examine why persisting national differences exist which make the translation of 'good practice' from one country to another so difficult.

¹¹ Eliasson, M. and Storrie, D., 'Does Job Loss Shorten Life?' *The Journal of Human Resources*, Vol. 44, No. 2, Spring 2009.

¹² Thomas (co-coordinator), *Health in Restructuring: Innovative Approaches and Policy Recommendations*, Rainer Hampp Verlag, München, 2009.

2.3 Restructuring processes in Europe in the 21st Century: persisting national differences

National characteristics are highly visible in the field of labour law and in the prevailing hiring and firing conditions in each Member State. Moreover, the restructuring process itself differs in important aspects from country to country. For example, the 'social plan' is directly negotiated between businesses and trade unions in Germany, while in France the '*Plan de Sauvegarde de l'Emploi*' ('Job safeguard plan' previously named 'social plan') is a document written by the employer and submitted for approval to the administrative authorities. The French trade unions are informed about its content and may contest it but the corresponding social dialogue only indirectly affects the '*Plan de Sauvegarde de l'Emploi*'.

Another important example is how to decide who should be made redundant. In the UK (and in the USA), a clearly agreed and non-discriminative practice is central for protecting vulnerable workers. In Sweden, the law states that 'Last In, First Out' (LIFO) rules should be applied, but also that the social partners may change the ranking order of workers to be made redundant, and if they reach an agreement, this order prevails over the law. In this case, the protection of workers stems from the specific guarantees obtained by the union.

If the aim is to learn from each other's experiences, understanding these differences is important. It entails, briefly, discussing the range of main possible channels and drivers of national labour market adjustments and a quick glance at the role played by labour market policies in each country since the 1980s.

Identifying these main channels and drivers begins by simply considering that in the labour market, as in any market, prices, quantities and qualities have to be taken into account. In our context, prices are wages and labour costs;; quantities are the number of available workers and the hours they are willing to work set against the number of job vacancies and hours of work required by firms, and qualities are the skill levels of the workers, or the skill requisites of jobs (there is always some interaction between these three groups of variables).

A reasonable hypothesis, backed by the existence of different career profiles and the organisation of different training systems (especially the existence of 'internal' or 'professional' labour markets, cf. Box 1) and of different workers' protection regimes (either at firm level or via social protection systems), is that one group of variables dominates the situation is at any particular point in time. A good illustration of this is that policies designed to shorten the working week (typically a public intervention about volumes) are very important, in France, Belgium and Germany, while other countries reject this approach or regard it as a secondary issue.

Box 1. Internal, external and professional labour markets: three key concepts for understanding the modalities of the restructuring process

In labour economics there is a well established distinction (elaborated in the 1970s) between two types of relationships between employers and employees. They may be either short-term and individualistic, where in the case of disagreement the relationship is terminated or individually renegotiated, or long-term and collective, where workers stay inside the firm as a group and both the employer and employees follow rules previously established, which are periodically re-negotiated. In the latter type of relations a disagreement is usually solved through collective action (strikes and bargaining). In this case, firms develop what is called 'internal' labour markets, i.e. organised careers governed by impersonal rules. Precisely speaking they are not markets but allocating institutions replacing market interaction. Creating an 'internal' labour market is typical of big firms looking for a stable workforce accumulating collective skills. When the internal labour market provides translatable/transferable skills it is a 'professional' labour market.

In contrast, employees on short-term and individual contracts work in an 'external' labour market. Such workers might be employed by firms that possess an 'internal' or 'professional' labour market, which is termed the 'primary' labour market. The behaviour of firms and workers radically differ from an external to an internal labour market. In the former short-term and rapidly revisable agreements are looked for. In the latter long-term arrangements are looked for. Of course, most workers prefer stable and organised careers where they accumulate skills and are part of the primary labour market in order to be integrated into internal or professional labour markets. However the number of such jobs may be insufficient, so workers may suffer from unemployment and move to the secondary labour market, taking secondary jobs and waiting for a better primary job.

In every country, both external and internal labour markets co-exist. However, their relative importance may differ significantly, depending on numerous factors, particularly on education. Countries with strong apprenticeship systems and many large firms, such as in Germany in the 1970s and the 1980s, have well-developed and dominant professional labour markets. Countries with mainly general education (as opposed to vocational training) may rely on these large firms integrating initially low-skilled workers, training them and then locking them into rules established by the firm. This was the case of France during the same period, whose labour market appeared to be dominated by 'internal' labour markets.

The consequences of the existence of such markets may be important for the restructuring process, notably because in cases of mass redundancies a firm is breaking a long-term contract and because workers with transferable skills may find other (similar) jobs more readily than workers with firm-specific skills. Combined with other institutional traits, this analysis explains why in countries with well-developed 'internal' labour markets practical arrangements tend to focus on 'quantity' variables such as short working time and early retirement.

In relation to State-run labour market policies (LMP), the different choices made by the European countries (which developed these in the eighties) are clear. At one extreme the UK devotes around 1% of its GDP to these policies, while at the other extreme the Nordic countries, who have the same level of unemployment spend between 3% and 5%. 'Continental' countries are in an intermediary position: they spend between 2% and 4% of their GDP, often in an environment with much higher unemployment levels. Usually, a limited role for LMP is consistent with a strong role given to decentralised wage adjustments. The opposite also holds true. When a strong role is given to quantity and quality adjustments, then logically the role for LMP becomes larger.






It is therefore possible, since the 1980s, to associate each 'regime' with a dominant measure and a dominant focus of public control and collective involvement in relation to the restructuring process. In a decentralised wage adjustment culture, it is natural that severance payments are the firm's main response to the social needs raised by mass redundancies. Public and collective control instead focuses on preventing discrimination - one of the worst consequences of adjustment in a market-oriented economy. This focus is becoming quite constraining in the UK, as well as in the USA.

When volume (quantity) adjustments dominate, then early retirement is the equivalent of the shortening of working time for the workers affected by mass redundancies, because the seniority culture and ranking stem from the importance of traditional 'internal' or 'professional labour markets, so redundant workers are predominantly older workers. The collective control focus has two aspects; firstly, the legitimacy of the decision to dismiss may be questioned and sometimes arbitrated by judges. Secondly, the content of the social plan in terms of job proposals and training becomes a State concern.

Finally, in relation to the 'negotiated regimes' they leave little room for wage adjustments and they do not rely solely on volume adjustments. Rather, they involve a general high level of training and intensive coaching for redundant workers. They are also combined with collective support from the State and social partners, such as temporary work positions, all of which can yield an acceptable level of job opportunities. Intensive collective bargaining is a central trait of this regime. It is both consistent with the social partners' management of 'professional' labour markets, as in Germany (a country also demonstrating characteristics of the administered regime), and consistent with the tradition of solidarity Nordic countries.

The chart below provides an illustration of this for the five countries studied in the MIRE project (Belgium, France, Germany, Sweden and UK; cf. supra footnote 1):

Further analysis would be needed in order to situate other European countries on this chart. However, most of the southern Member States would most likely be located on the borderline between prices and quantities adjustment, with a low level of LMP expenditure. They mainly rely on 'secondary' labour market adjustments and keep a narrow 'primary' sector with protected workers. The same observation applies for eastern European Member States.

Main adjustment channels Role of Labour Market Policies	Wage and labour costs (Predominance of external labour market)	Work and workers volume (Predominance of Internal labour market)	Work and workers quality (training) (Predominance of professional labour market)
Limited role	« Market – led regime » Dominant measure : Severance Pay Control focus : Discrimination 		
Important role		« Administered regime »  Dominant measure : Early retirement Control focus : Justifications of the dismissal decision; Social Plan	« Negotiated regime »    Dominant measure : Coaching with collective support Control focus : negotiation

It is worth underlining here that the various tools, devices or mechanisms used to address restructuring can be classified according to the very same grid.

- Redundancy payments, concession bargaining and an absence or derogation of minimum wage are tools that refer to price adjustments, as well as currency rate variation and inflation (but this kind of adjustment is not directly connected to labour markets even though they have a strong influence on it). They are generally discussed and implemented at company level.
- Early retirement, reducing working time (either at company, sector or national level) and short-time working are tools that refer to volume adjustments to deal with restructuring. The recent economic crisis has placed again short-time working at the top of the restructuring toolbox. Such tools usually require a State or public intervention to be established and financed.
- Vocational training, work derived experience validation (sometimes called Accredited Prior Learning), anticipation of required skills, skills transferability, and transition and matching on the labour market are tools which refer to quality adjustments. They very often rely on negotiations to be implemented.

This list immediately suggests that there is no country in which restructuring is dealt with using a single category of tools, devices or mechanisms. On the contrary, a mix of tools and mechanisms are used, which develop over time as the restructuring process itself develops and as the subsequent difficulties it triggers also develop. A combination of social dialogue, early retirement *and* redundancy payments have been implemented by nearly all of the European countries since the 1970s and the specificity of each national 'work adjustment regime' rest in the kind of combination achieved. From this starting point the European countries have adapted their 'workforce adjustment systems' according to an evolution in the nature of restructuring and change, which it is necessary now to briefly describe.

2.4 The evolving nature of restructuring and change

We should never forget that there was a time when mobility and transitions were not wanted and were even seen as detrimental.



This 1949 Swedish poster states: “Don’t jump from job to job! ‘Jumping Jack’ never learns an occupation thoroughly - it is hard for him to get a decent job later on and not getting to know new machinery increases the risks for accidents at work...” The very small letters at the bottom of the poster indicate that it was produced by Economic Information, which is ‘a cooperation between The Employer’s Confederation, LO, TCO and the State’.

This poster advert reminds us, with some humour, that during the 30 years immediately preceding the Second World War attention was paid by labour market policies to stabilising the workforce and not to fostering its mobility. It is therefore not surprising at all that in the 1970s various European countries (including the UK) first relied on redundancy payments and early retirement to address the question of restructuring.

This mix of tools referring to price and quantity adjustments fits an ‘old arrangement’ across Europe, of a stabilised workforce characterised by a low level of transferable skills depends on ‘internal’ labour markets for its career and its security. The importance given to seniority and lifelong employment is an unwritten and tacit part of the labour contract. In case of restructuring a redundancy payment covers the breach in this tacit contract and early retirement provides employees with security.

This brief description calls for two remarks:

- i. Early retirement was also seen as having an impact on quality. It was supposed to act

as an accelerator for the integration of a new generation (the 'baby boomers') with higher skills, thanks to the spread of secondary education;

- ii. Redundancy payments are not only a tool for 'buying' social acceptance but may prove efficient in securing the transition into a new job.

What matters then is not the group to which a given tool or device belongs to but the objective sought after and the way tools and mechanisms are organised and intertwined to achieve it.

Had restructuring been what people thought it was during the 1970s (namely accidental) the 'old arrangement' of early retirement and redundancy pay may have proven sufficient. However, restructuring was and is more and more a by-product of a broader change process that leads to a society in which knowledge is at the heart of the production process and where the demographic change turned 'baby boomers' into 'granddaddy boomers'. It has also led us to a bubble economy which triggers crises which are increasingly more difficult to handle.

It has nevertheless to be stressed that the highly desirable turn towards sustainable growth will not bring back the kind of regulation in force in the 1960s. The changes ahead of us will go on triggering restructuring accompanied by job losses and requiring new skills for a long time. In a 'knowledge-based' society, traditional 'internal' labour markets shrink, technology evolves rapidly as does demand and companies are organised as networks, often operating in several countries or regions even when they are small, and regions play a new role in the economy.

2.5 Adapting the labour market to new needs

In the 1980s and 1990s, in order to cope with these evolutions, price adjustments and increased external flexibility (such as redundancies and short-term employment contracts) were experienced on a large scale in various European countries, especially in the UK. However, this does not mean that all jobs became unstable.

Two main evolutions have been observed; firstly, an increasing polarisation between a strong majority of long-tenure jobs and a significant minority of short-term precarious jobs; secondly, increasing pressures inside stable jobs towards more internal competition and more individualistic and result-oriented management, resulting in the so-called (internal) 'destabilisation of the stable'¹³.

In the meantime, persistent moves towards quality adjustments such as a better trained workforce have also been experienced. As a result, from a public policy point of view, the concept of employability emerged, which emphasises 'the need to supply the labour market with something it currently lacks, a new functionality'¹⁴. Labour markets must now be able to increase workers' overall employability which does not only depend on traditional labour market policies/measures.

Employability can be defined as the ability a worker possesses, or a group of workers possess, to get and keep a job or several jobs. This broad policy-oriented term has been specified in quite different uses and interpretations since its first appearance at the end of the nineteenth century¹⁵. Most of the first uses were individualistic and insisted upon individual responsibility. The collective involvement merely consisted of measures intending to improve individual traits or characteristics in order to adapt candidates to existing jobs. The collective dimension of employability is always important and often neglected; it appears clearly in times of durable unemployment when it seems meaningless to adapt people to jobs that do not exist, and this calls for other measures, e.g. macro-economic stimulus or local development policies.

In the present context, recent elaborations rightly insist on the collective and interactive dimension of employability at a local level. Ensuring that, inside firms, every employee possesses the relevant competences corresponding to her/his career position and earnings and through agreements setting mandatory training is an important example of a collective construction of employability at the level of the firm. The firm's commitment meets the employees' commitment and enables every worker to pro-actively manage her/his career.

Two intertwined local challenges and responsibilities stem from the shift away from traditional job protection to employability protection. Firstly, the regions need to attract innovative firms through investing in universities, researchers and infrastructure. Secondly, the regions must contribute to well-organised transitions for workers (organising training and apprenticeships).

¹³ Auer, P. and Cazes, S. (eds.), *Employment Stability in an Age of Flexibility*, ILO, Geneva, 2003.

¹⁴ Tronti L. and Carabelli U. (eds.), 1999, 'Managing Labour Redundancies in Europe: Instruments and Prospects', *Labour*, special issue, Vol. 13, No. 1, 1999, n°1

¹⁵ Gazier B. (ed.) 1999, *Employability. Concepts and Policies*, CEE DGV, Institute for Applied Socio-Economics, Berlin, 329 p.

Of course, one should keep in mind that responses to restructuring largely depend on other contextual elements, such as the presence (or absence) of a buoyant labour market generating alternatives, of non-profit networks, of family solidarity, of firm creating initiatives and so forth.

Nevertheless, in relation to the labour market, the target is to build an arrangement combining security and adaptation, and ensuring the progression of the workforce towards a knowledge-based society. A well trained workforce is less dependent upon 'internal' labour markets' and a generalised forward-looking attitude is required in order to give strong and efficient support to workers when transition within a company or from one company and/or activity to another is required. Such transitions rely on the workforce's ability to maintain and develop skills, thanks to a well equipped vocational system and an efficient set of incentives to engage workers, whatever their initial training level, in lifelong learning.

Such an arrangement requires tools, settings and mechanisms to perform a dynamic and coherent set of functions:

- a. organising redeployment based on regional strategies;
- b. developing an anticipative common understanding of economic trends;¹⁶
- c. developing workers' employability;
- d. organising social and multi-actor dialogue as well as employers' collective actions aimed at securing employment;
- e. managing crisis;
- f. organising job transition in a secure and dynamic way.

From an historical point of view, the last three functions were developed first, the last one slightly later than the former. Nevertheless, it is the last function (f) that is now the most developed function across Europe, with each of 27 Member States having a device that could be deemed as fulfilling it, at least partly. The first three functions in the list above are crucial issues that need to be fully developed here.

- i. in a more uncertain world, information is crucial and employability requires time to be fostered and developed. This is the reason why an 'as-early-as-possible' common understanding of economic trends is so important;
- ii. employability remains and will probably remain a woolly concept as long as there is no collective intervention aiming at conceiving and developing the economic fabrics at local level. Redeployment is one of the main tools to do so;
- iii. in a rapidly evolving world, employability needs not only to be restored when lost, it also needs to be maintained and developed while an individual is working;
- iv. it is easy to remark that social dialogue and negotiation are corner stones in the

¹⁶ This does not mean that it is always possible to arrive at shared decisions and common actions because objectives and priorities may remain conflicting. Nevertheless developing an explicit and shared diagnosis is a necessary step in order to create the basis for a sound discussion basis amongst stakeholders.

overall architecture of this system. The former allows information to be shared and the latter allows the solutions adopted to take various interests into account and to be adapted to meet local needs.

Given the diversity of the national "workforce adjustments regimes" these functions are and will go on being performed through different tools or mechanisms implemented by different institutions in different institutional and cultural contexts (for a further analysis of national developments and tendencies, see the annex of this user's manual).

In the present context, the French will go on promulgating laws, market mechanisms will be preferred in the UK, the Germans as well as the Swedish will prefer negotiating, and the former eastern countries will remain suspicious of State intervention. However, we now know that what matters is the function that is to be performed rather than the specific shape of the tools and mechanisms that helps its performance in a given country.

2.6 What makes devices transferable/translatable? Looking for functional equivalents

Using the example of a well-known 'good practice', namely the Austrian Work Foundations (see fiche). This scheme was carefully evaluated a decade ago¹⁷ and results have shown that it is efficient compared to more traditional ways of organising transitions in similar cases.

In a nutshell, the work foundations are simply outplacement units. They are set up in advance by the firm making redundancies and are financed by a portion of its capital; in other words, they benefit from the long-term commitment of the firm. The units also receive money from the redundant workers (who invest in the fund themselves). And the final and most original point is that the units are part-financed by the other workers remaining in the firm – that is, the 'survivors' finance the retraining of their colleagues who will be made redundant. The outplacement units have access to all the relevant units of the PES. In these conditions, the redundant workers are willing participants and enjoy a good reputation amongst potential future employers.

It seems highly desirable to use work foundations widely, but as can be immediately observed its existence depends on numerous conditions. There is a strong need for active and well organised social dialogue. It is also important that the firm announces its decision to make redundancies early, e.g. six months in advance, in order that long-term decisions can be planned by the workers and the social partner. A good level of Public Employment Service (PES) is needed, as well as a substantial, homogeneous workforce with transferable/translatable skills, in order that the retrained workers may easily convince potential employers about their competences.

This illustrates the way in which various elements are complementary. Firstly, each element of the work foundation reinforces the others. Workers are willing participants in the sense that the announcement has been made early in a context of well-established social dialogue and the workers know that they will be helped through the situation by the PES and by their colleagues. Secondly, the context also ensures that the workers at risk of redundancy are well trained, as otherwise potential employers may not welcome candidates whose skills are not guaranteed.

Could then any part of the Work Foundation project be transferred/translated out of its specific Austrian (and possible German) context and used elsewhere? The idea of complementary elements leads to the idea of 'functional equivalents', that is, different elements of different devices may yield more or less the same results in different contexts.

A well-known example of 'functional equivalents' is the 'lay-off and recall' rules in the USA, which replace, to some extent, the job protection offered to long-tenure workers by the labour law in most of the European countries. In the USA, workers made redundant receive unemployment insurance payments. They are put on a list kept by the trade unions and the employer and benefit from a priority ranking when their employer next seeks to hire workers. In Europe, in contrast, protection is achieved by making firing

¹⁷ Winter-Ebmer, R. 'Evaluating an innovative redundancy-retraining project: the Austrian Work Foundation', *Discussion Paper 277*, IZA, Bonn, 2001.

costly. Is this way less efficient for the economy? To a wide extent, the answer is no. It has been observed that the adjustment speed of employment to business cycles seems to differ a lot between the USA and most European countries. Typically, in the USA alignment of staff to the demand for labour is much shorter than in Europe. Nevertheless, if one takes into account the adjustment of worked hours the differences vanish. This means that high levels of job protection plus variable hours may give (within some limits) the same results as fixed hours plus 'lay-off and recall' rules. They are 'functional equivalents'.

In Europe, functional equivalents exist in a similar way; organising transitions in a secure and dynamic way, for example, has given birth to a number of similar settings: such as job security foundations in Sweden, reconversion cells in France, reconversion units in Belgium and work foundations in Austria. The same is true for developing workers' employability or organising social and multi-actor dialogue, as well as employers' collective actions aimed at securing employment. In this context the concept of an employers' grouping has already been translated to different countries. Mechanisms encouraging shared diagnosis and negotiation exist both at European and at national level in many countries, as well as settings allowing an anticipative common understanding of economic trends. Finally, the 2008 crisis has produced across Europe both a common trend to reinforce and enlarge mechanisms and tools dealing with crisis management, and has triggered a common will to organise training during this period of low activity.

The role of these settings and mechanisms through which functions are performed are aimed at subordinating short-term objectives (dealing with restructuring at company level) to the long-term objective of simultaneously ensuring adaptation of the company, progression of the workforce and security.

When looking deeper into these settings or mechanisms it may generally be observed that they are composed of basic tools or measures which are often similar across Europe. For example, in relation to transitions, the following initiatives exist in nearly all European countries: individual profiling, skills assessment, personal action plans, job clubs, training for job search, individual or group coaching during the search process, support for small business creations and training offers. The key differences are the arrangements of the institutions responsible and the rules. The proposition when considering a restructuring management device is twofold:

1. to focus first on what is done instead of who is doing it and how. In other words, the functions and sub functions performed are much more important than institutions and rules when understanding what can be translated in another context;
2. in contexts and situations where a project cannot be translated, it is necessary to look at the various actors and devices which may offer alternative solutions, thus changing the dimensions and levers of the problem. For example, in situations where the Austrian work foundations are not feasible (for example where there is a heterogeneous workforce with weakly transferable/translatable skills, limited social dialogue) a combination of two kinds of interventions can be considered. . The first consists of conferring transferable/translatable skills to workers, either by 'validating' previous work experience or offering retraining. The second consists of organising temporary positions for displaced workers in order that they become familiar with alternative tasks/jobs. Most of these

interventions can be performed under the responsibility of local authorities such as regions, wider geographical areas and municipalities; they may require more time to achieve efficiency, and entail additional costs. For reaching a final decision, actors and policymakers should compare different policy packages but ultimately it would become a political matter.

2.7 How to use these fiches

Identifying and generalising so-called "good practice" is a difficult task, often leading to deceiving results. Typically, directly trying to import into a country or a sector a specific device yielding good results in its own country/sector of origin may result in disappointing outcomes or could even prove counterproductive. As a consequence, the use of these fiches to solve a given problem, such as organising outplacement units or negotiating a 'social plan', should be done cautiously (and this explains why this user's manual has been written!).

If transferring or translating a tool or device from one country to another does not seem realistic, it is at least possible to translate a tool and/or device from one (national) context to another. Logically, translation needs a translator and this toolbox aims first of all at being a tool for those who would be willing to do so.

Each fiche is short (three to five pages at the most), describes a tool (i.e. short-time working), a setting (i.e. the labour foundations in Austria) or a mechanism (i.e. transnational agreements), and has been written to be read by people belonging to another country from the one in which it is currently operated, and provides a bibliography on the described tool setting or agreement.

To facilitate reading, a small chart at the beginning of each fiche, indicates when the described tool or mechanism usually takes place during the unfolding of the restructuring process. The latter is divided into four parts according to the scarcest available resource, namely: time. Long before any announcement of lay-offs, anticipative actions may be undertaken on a permanent basis enabling workers, companies and territories to adapt to sudden shocks or progressive transformations. Reference to this kind of tool or mechanism as a 'permanent action' will be made throughout. Before the announcement of a restructuring plan 'early warning' mechanisms may be implemented giving more time to actors to prepare the appropriate responses. The announcement of a restructuring plan triggers a period of time in which a specific 'information, consultation and negotiation process' can take place and is followed by a crucial and sometimes long 'implementation period'.

For example, an outplacement device will be illustrated by this chart:

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

An early warning device will be illustrated by the following chart:

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

Each fiche has the same structure:

1. a presentation of the tool or device;
2. a brief description of the method of its usual implementation;
3. success factors;
4. drawbacks, limitations and typical costs;
5. examples
6. bibliography including papers, books and internet links.

The fiches are organised in six 'categories' or 'chapters' which refer to the broad functions that have to be performed in order to properly anticipate and manage restructuring processes. It is possible to access any fiche by clicking on its title in the following list.

2.8 Developing this toolbox and beyond

The fiches have been made as homogeneous as possible. However, some tools are today well-known and have already benefited from close attention, while others deal with emerging practices or with less well-known devices. As a consequence, the information and the analysis of each fiche may differ in precision as well as in the quality and coverage of their assessment. The first objective in the further development of the toolbox is to gather additional evidence and analysis in order to make all the fiches more and more homogeneous and – hopefully – useful.

Similarly when an innovation, such as a new device or new ways of managing or combining existing devices is observed it should be quickly introduced into the toolbox in order to make it as complete as possible.

Such additions raise the question of the necessary evaluation of the efficiency of each tool, either separately or combined with other devices and possibly comparatively. Two quite different things, even if they are connected, are to be distinguished here. The first is the idea of the monitoring of any device, with appropriate indicators. How many people does the device reach, what are the resources required, what is the fate of the concerned workers, companies or regions after the end of the programme? Such questions should be addressed in a routine way in order to manage each tool. Such assessment is the basis of a systematic evaluation comparing the fates of people benefiting from the programme and a comparable group of people not benefiting from the programme. The last step in this approach is to compute the benefits and costs of the outcome and to compare their net result to the resources used.

Examples of systematic and full-blown evaluation remain quite rare as we will see in the case of the Austrian job foundations. Evaluations are costly and they need time, typically taking five years to yield meaningful observations. Notwithstanding, it is important that European governments and research institutions devote more resources to this field in order to identify efficient sets of devices.

A recent evaluation study has focused on the very long-term effects of public policy in this area¹⁸. Devoted to Swedish displaced workers who benefited from intensive help in the 1980s (miners and shipyards workers), the study observed their fate over more than twenty years and compare it to an adequately comparative group. During the first five years no specific advantage to the supported workers was observed, thus suggesting that the intensive help was not efficient. However meaningful and lasting effects were observed later, indicating that the beneficiary group fared much better than the comparison group. In the very long run, the intervention proved to be very good.

While it seems difficult to draw precise lessons from this isolated study, one general remark seems relevant. The study suggests that the quality of the help (e.g. intensive, high worker involvement) played a crucial role in creating a positive and long lasting outcome. This brings us back to the process of monitoring. Very often the monitoring process fails to pay sufficient attention to the way workers are included in decisions directly affecting them, the way short-term decisions are avoided and long-term choices






¹⁸ Ohlsson, Henry and Storrie, Donald, 'Long term effects of public policy for displaced workers in Sweden – shipyard workers in the West and miners in the North', *Working Paper Series*_2007:19, Uppsala University, Department of Economics. Internet: http://ideas.repec.org/p/hhs/uunewp/2007_019.html.

preserved.

All these aspects and others have been extensively discussed in this toolbox, which can be read as a plea for a necessary quality assessment of the devices set up in response to restructuring challenges. As we have witnessed, the stakes are enormous because restructuring often involves harsh and risky processes that destabilise the affected workers. If this toolbox leads to a learning process, improving the critical perception and assessment of current practices and contributes to their improvement, it will have achieved its main objective.

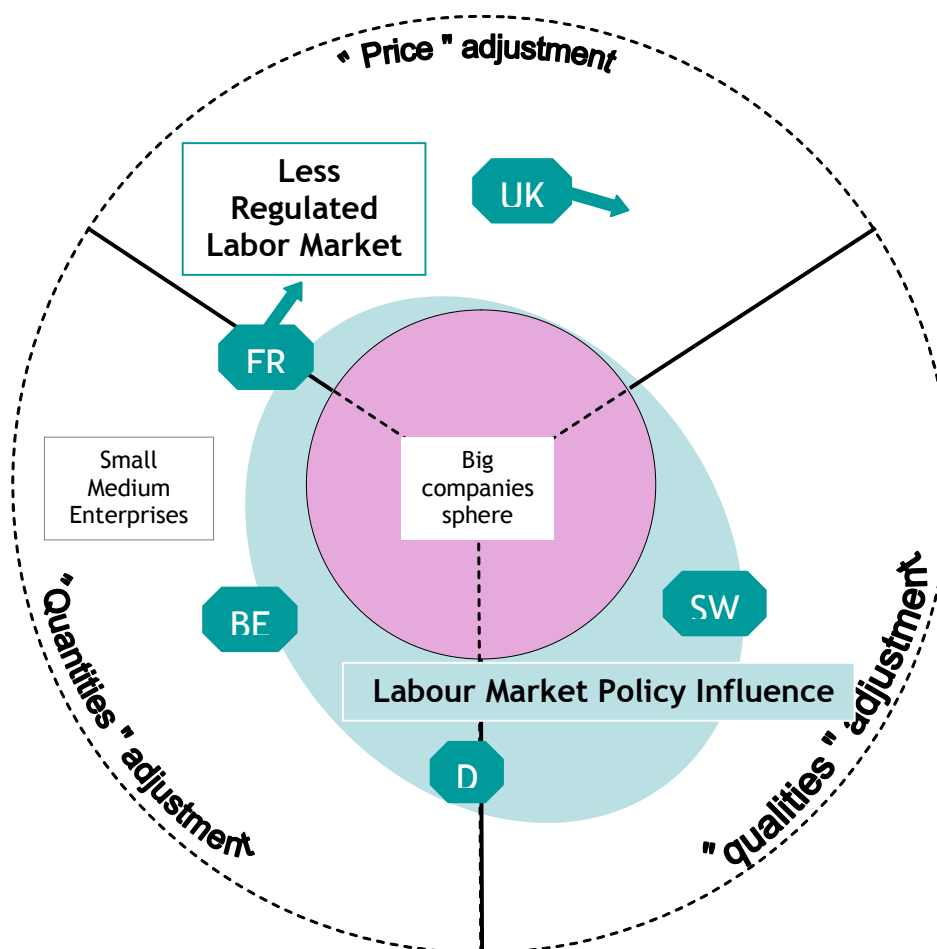
2.9 Annex to the user's manual: national regimes of labour market adjustments in Europe and restructuring: Elements for a dynamic comparative analysis

The conceptual basis for comparing the way each country deals with general labour market changes has been given in this overall introduction to the toolbox. We simply recall here that three basic variables interact when an adjustment occurs in a labour market (e.g. when a plant closes or when a sector looks for additional workers): prices, quantities and qualities. The relative importance of each variable mainly depends on the presence and the importance of 'internal' labour markets (i.e. stabilised careers in big firms), typical of volume (quantity) adjustments. The consequences of such a dependency, combined with the possible role played by public labour market policy, were very clear during the 1980s in Europe. The 'continental' countries typically developed important 'internal' labour markets and their corresponding adjustments were dominated by quantity adjustments, while the UK, having dismantled the influence of the trade unions, emphasised price adjustments. A Nordic country like Sweden, with its long lasting tradition of collective bargaining and of active labour market policy, developed quality adjustments, mainly involving training workers. We can thus distinguish between at least three kinds of adjustment regimes in the case of restructuring: 'administered regimes', 'market-led regimes' and 'negotiated regimes'. This leads to the following chart, which is typical of the 1980s:

Main adjustment channels Role of Labour Market Policies	Wage and labour costs (Predominance of external labour market)	Work and workers volume (Predominance of Internal labour market)	Work and workers quality (training) (Predominance of professional labour market)
Limited role	« Market – led regime » Dominant measure : Severance Pay Control focus : Discrimination 		
Important role		« Administered regime »  Dominant measure : Early retirement Control focus : Justifications of the dismissal decision; Social Plan	« Negotiated regime »    Dominant measure : Coaching with collective support Control focus : negotiation

This representation, typical of the 1980s in Europe, largely keeps its relevance today. Nevertheless it remains static and another drawback is the lack of possible contacts and connections between prices and quantities. A way to overcome these limits is to present different choices and national arrangements as a circle. It is thus possible to set a frontier (a contact zone) between adjustments dominated by prices and qualities. This has the further advantage of showing a distance scale from the centre (see the diagram on restructuring and workforce adjustment regimes below).

Large firms dealing with restructuring typically combine all three variables - redundancy payments, early retirement and training and their behaviour seems quite comparable in every country (even if some opportunities and constraints may lead to some companies trying to avoid acting in a mainstreamed, socially responsible way of addressing restructuring, as has been observed in the case of *Renault – Vilvorde*). As a consequence, one may represent their zone of adjustment and influence at the centre of the circle. The influence zone of labour market policies can be placed around the big companies' zone, but it is unequally present in each variable domain: weak in the case of prices, strong in the case of quality, intermediate in the case of volumes. We may introduce some tendencies observed in the 1990s towards deregulation (in the case of France) and towards more importance given to training (in the case of the UK). As a consequence, we propose to use the following chart to represent the restructuring process in the 1990s:



**Restructuring and workforce adjustment regimes:
some heterogeneities and tendencies in the 90s**

Restructuring and workforce adjustment regimes: how to read the circular chart

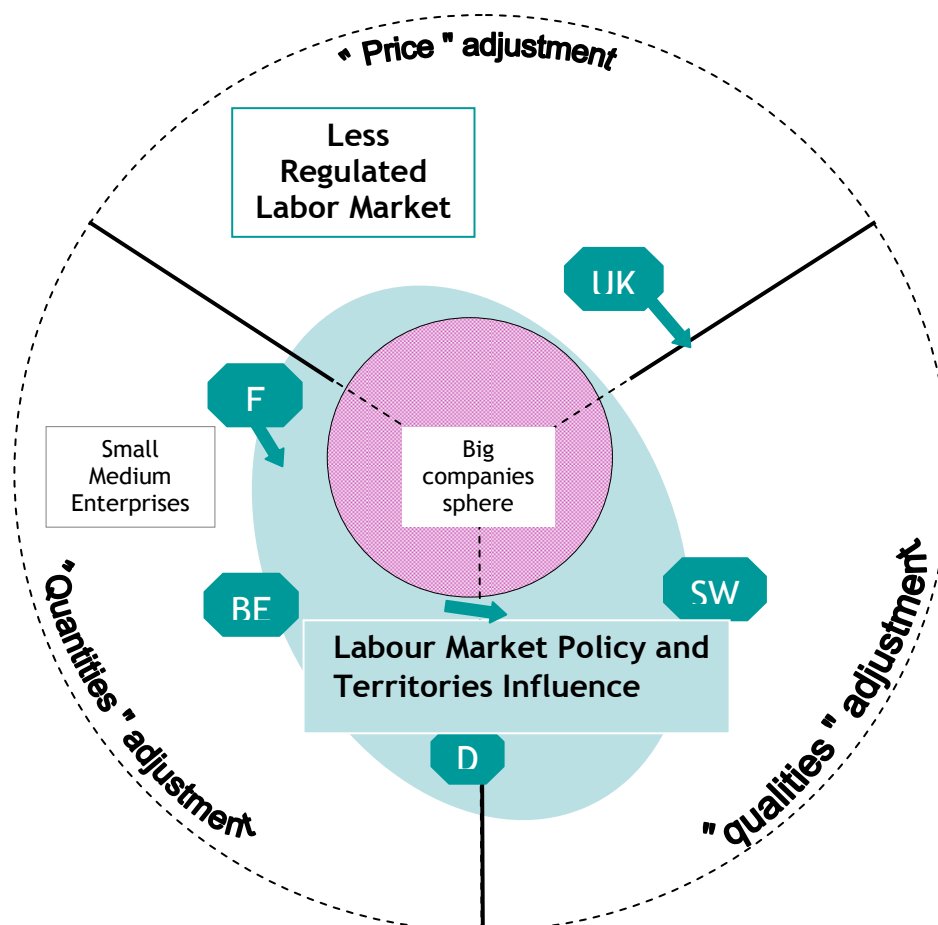
The proposed representation has two main dimensions: the three segments of the circle relate to the prevailing adjustment channel (prices (wages), quantities (number of hours/jobs/workers) or qualities (skill level of the workforce, skill requirements of the jobs)) and the distance to the centre of the circle indicates the degree of collective control upon the market forces (strong at the core, weak at the periphery).

The second smaller circle at the core sums up the influence of big firms. In the case of restructuring this is highly relevant as they usually have the financial and organisational capacity to support in a variety of ways workers at risk of redundancy. Compared to other contexts and situations, big firms have a strong degree of collective control and, even if important national differences remain, their interventions are often similar across borders. The wider and asymmetrical oval indicates the field of influence of labour market policies. In some countries they are weak, especially when price adjustments dominate. In other countries, the role of these public policies is much more important and this area swells in the case of 'qualities' adjustments (e.g. training, as observed in the Nordic countries). Countries with prevailing 'quantity' adjustments are in an intermediate position. The remaining area ('less regulated labour market') corresponds to situations left to decentralised labour market processes, which has an impact on SMEs and workers benefit from minimal public involvement.

In the diagram some national tendencies can also be suggested by an arrow indicating in which direction the main moves are observed. For example, during the 1990s France illustrated a tendency towards a less regulated labour market.

The diagram shows the situation in five European countries, including a representative of the so-called 'Continental', 'Anglo-Saxon' and 'Nordic' models. Mediterranean and eastern European countries could be placed, during the 1990s, at the external side of the borderline between quantities' and 'price' adjustments. The influence of public labour market policies is minimal and the adjustments combine some quantity moves (for the minority of protected workers) and price moves.

Another version of the same circle allows for the introduction of the adjustments and tendencies observed in the 2000s. Mediterranean countries can be placed in the same position, while Eastern countries, relying more and more on price adjustment, remain at the periphery, but clearly inside the 'price' adjustment area. Three main changes can be observed: first, the shrinking role played by big firms (they are more and more organised in networks making their responsibility more diffuse and they have to obey more and more transnational regulations, second the persistence of the role of labour market policies, but with an emphasis on training and 'activation', and third the emergence of new actors such as the regions and municipalities. This suggests that the recent tendencies may lead to a growing importance of 'quality' adjustments, either directly through training or indirectly through the role played by anticipation and management of careers and workforce at local level.



Restructuring and workforce adjustment regimes: Evolutions and tendencies in the 2000s

Of course, these tendencies and behaviours correspond to 'normal' times and the crisis which began in 2008 brings in other elements. In a nutshell, three effects may be distinguished: a shock effect with capital, income and jobs losses, a revelation effect (the crisis revealing the strengths and weaknesses of a given social and economic model) and an acceleration effect (the crisis speeding up changes which were felt as logical and necessary but previously delayed). Regarding labour market adjustments, the main response in most countries has been the temporary extension of labour market policies, but other adjustments have also taken place.

To get through the crisis Germany mainly relied on short-time working (1.4 million workers in 2009), however with little additional training. The response in France was similar in parts; 350 000 workers were placed on short-time working (with almost no training) and other jobs were subsidised. It seems that adjustment opportunities through the general variation of working time (set up by the 35 hour working week regulations) have been widely used. UK firms spontaneously stabilised their workforce and shared the costs with the workers. In the UK the usual market reactions were stopped or strongly slowed down. Spain, with its high share of short-term contracts, could not avoid an immediate and violent rise in unemployment and its government and elites are looking for another model. Up to now European countries are still waiting for a real acceleration effect. It should logically consist of switching to a negotiated and training regime, not converging with the Nordic one, but with possible different versions. The rapid ageing of their workforce, the need to replace the newly retired and the development of 'green' jobs may open a window of opportunity.

3. Organising redeployment and developing territorial strategies

This set of tools is aimed at stimulating the development and creation of new jobs in the regions affected by restructuring. Although they are often triggered when a restructuring situation occurs, these are tools which seek to deal with the fall out of restructuring over the long term and should be regarded as permanent actions. As a matter of fact, the main challenge is to focus on long-term development and not only on immediate job creation, which will often prove disappointing. These tools aim to fulfil three main sub-functions:

- to **elaborate and implement a strategic development plan** and an action plan at regional level (all examples proposed in these fiches are predicated on the necessity to build a strategy based on the common interests of local stakeholders and the collection and exchange of knowledge);
- to **engineer financial resources from various financing levels and bodies** (development projects need investments and their financing is often a combination of European, national, regional and local public and private funds);
- to **organise the local actors and population** and to ensure adequate institutional coordination (whatever the project it needs to be embedded into a local background that is able to accept and support it).

The use of these tools always relies on a local structure ensuring management and providing services. Its first task is to build a strategic development plan and to draw up guidelines within which projects will take place. Its second task is to deal on the one hand with local institutions, enterprises and populations and on the other hand with financiers and decision makers at a broader level. Ultimately, the local structure will be involved in service delivery, promoting the image of the region, enhancing and fostering infrastructure and entrepreneurship, innovations and adapting human resources and training.

This seems to require more general methodology proposals than tailor-made recipes. All the cases highlight that leadership, cultural understanding and adaptation, project holders' mobilisation and an adapted management structure are important.

Such devices undertake to identify, link and a variety of actors and their various contributions. This requires a clear know-how of pilot and managements approaches.

3.1 Ireland - Macroom Environmental Industrial Park

By Jean Marc Fontan (UQUAM)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.1.1 Presentation

The South Cork Enterprise Board (SCEB) is one of 35 organisations set up in 1993 to support the development of small business in Ireland's various counties and municipalities. The Enterprise Boards were created on the initiative of the Irish Department of Enterprise, Trade and Employment with financial assistance from the European Union. The SCEB is one of four Enterprise Boards located in the Cork region, in south-western Ireland. The SCEB supports and fosters the development of a business culture on a local scale. The Enterprise Boards' mission is centred on the creation of sustainable jobs as a result of entrepreneurial activity. These organisations generally support businesses active in the manufacturing and service sectors. They do so by providing a diversified range of services offered to local companies that request them.

According to the 2006 census, County Cork has a population of 362000 people. Cork, the county seat, has a population of approximately 125000. The city has a well-balanced economy dominated by the pharmaceutical sector. Cork is home to eight of the ten largest pharmaceutical companies in the world. It is the largest city in the county; the other municipalities have 25000 inhabitants or fewer. The municipality of Macroom has just over 3000 inhabitants. It is located approximately 45 minutes away from Cork and is part of the territory that will be merged in 2020 to form the 'Cork strategic development area'. The integration process will give this area a common governance system for land use, public transit and issues related to social, economic and environmental development.

Following the closure of several businesses during the 1990s, including a branch of Telecom Eireann, the town of Macroom found itself with several abandoned industrial sites on its hands. With the help of a community organisation dedicated to local development, the Lee Valley Enterprise Board (LVEB), the Macroom municipal council decided to redevelop the vacant lots. The first step in this operation was to repurchase them in order to preserve their industrial use. The second step was to identify a development strategy to attract new businesses to Macroom.

The promoters of the LVEB, with the support of the SCEB, approached the Cork County Council to develop an industrial park with an environmental focus. The project was part of a development plan proposed by the LVEB to turn the whole region into an environmental zone. The industrial park was seen as an economic

tool to make the Lee River Valley a zone dedicated to sustainable development.

A wide range of organisations took part in the discussions to define the planned environmental industrial park. Representatives of the following organisations participated:

- Cork County Council, especially the offices of Economic Development, Energy, Waste Management;
- Macroom Urban District Council;
- General Instrument (Ireland) Ltd;
- Cork Business Innovation Centre;
- Clean Technology Centre
- South Cork Enterprise Board;
- Lee Valley Eco Label Project;
- Lee Valley Enterprise Board;
- Private consultants (engineering, architecture).

What was the Lee Valley Environmental Park (LVEP) meant to be?

The LVEP was based on a diversified partnership whose mission was to develop a 20235 square metre zone that could accommodate eight companies. These eight lots were located in the municipality of Macroom. The goal was to establish the first environmental industrial park in Ireland. The project was inspired by the guiding principles of sustainable development set out in the country's National Development Plan (2000–2006).

To execute this project, the plan was to build a green showcase building 1, 000 square metres in size on one of the eight lots. This building would have an industrial and commercial function and would act as an incubator to make it easier to start up new companies. The idea was to group together in one place a set of services that the new incubated companies would then share. The project was therefore based on a double strategy: attracting start-up companies and stimulating the emergence of new ones.

On the basis of this business service centre, it became possible to attract entrepreneurs who were interested in the idea of applying sustainable development principles and ready to give their companies the tools to respect them, including setting up shop in a green building. The parameters or guidelines for the desired sustainable development were presented in a charter that maps out what is meant by eco-development.

Macroom Environmental Industrial Park Charter

This Environmental Charter includes the Environmental Policy and defines the aims and structure of the project. It sets out the criteria for recognition of environmentally sustainable practices within businesses and also includes component sections detailing structure and responsibilities, training awareness and competence, communication, objectives and targets, environmental/business support programmes, business support tools, sustainable business and environmental strategies, the audit system and steering committee project review.

The company shall be a signatory to and comply with the requirements of the Macroom E Charter. The company shall make resources available and commit to integrate the principle of environmental sustainability into business operations. These shall include:

- a. application of environmental tools such as Design for Environment to products and services and Cleaner Technology methodology to operations and processes;
- b. implement waste minimisation and resource utilisation reduction;
- c. apply a metrics system to operations to enable compilation of data on resource utilisation, waste production and the cost of environment. Parameters to be monitored shall include power, water, waste generation, units of production and other metrics, which through review with the EIP Committee are deemed applicable to the companies operation;
- d. facilitate audits to identify areas for improvement and opportunities in improving environmental and business sustainability;
- f. allow for the use of project results in the transfer/translation of the project methodology;
- g. cooperate with Macroom E on the development of green marketing and business strategies.

Finally, the project aimed to establish a new structure to manage the newly created park and administer the incubator. The incubator and the new structure were opened in 2004.

Named the Macroom E Environmental Industrial Park (Macroom E), the incubator management company has the mission of promoting and supporting business development in the Lee River Valley and promoting good environmental practices. The incubator is housed in a green building with an area of 1 000 square metres and featuring solar water heating, geothermal building heating, sensor-controlled lighting system, ecological building design.

The incubator offers a range of services:

- leasing 35 square metres of industrial space, which have a range of common services available, including broadband internet. Eight spaces are currently being leased by different kinds of companies;
- meeting rooms;
- single-person office spaces (hot desks) for micro-businesses or start-ups (monthly leasing);
- sale of lots in the industrial park; the park had eight lots with areas ranging from 2 034 to 3 132 square metres. In 2009, only two lots were still unsold.

Macrooom E must provide a variety of functions including promoting green entrepreneurship, training new entrepreneurs and integrating them into existing business networks.

In order to promote good environmental practices in the region, Macrooom E has set up a social marketing body: Macrooom E's Eco Label Project. In partnership with other organisations, this entity has developed five programmes: the e-schools pilot programme, the Green Failte Award for the public sector, the Eco Business Ireland Awards for businesses, the Eco Saver programme for individuals, and the Farmyard Waste leaflet for farmers in the region.

To illustrate the partnership set up by Macrooom E's Eco Label Project, Macrooom E has joined with the Clean Technology Centre to develop a training and consultation programme on environmental matters called the Eco Business Ireland Awards. This programme is adapted to the needs of small and medium-sized businesses in matters related to residual material management, energy cost cutting, reduced water consumption. The first training group started in 2007, and the first awards were presented to participating organisations in 2008.

To facilitate residual material management, Macrooom E supports a residual material management programme targeting individuals, companies and public institutions. The project functions from an Internet portal that allows residual materials to be purchased. A company, *Waste Matcher*, was created to make it easier to bring together buyers and sellers of used materials. Along the same lines, a construction company was set up to support the construction of ecological homes.

3.1.2 Implementation method

The project is based on a relatively simple work method:

- effective joint action that brings together local, regional and national actors;
- financing that mobilises local, regional and international resources (European Union).

Effective joint action

The initiative originally relied on a small informal nucleus of representatives of local and regional organisations. This small nucleus mobilised organisations in the region to develop the key concept, which was reflected in an action plan to be operationalised by a new organisation, whose objective was to carry out an action that none of the partner organisations could achieve. The idea was to bring a

group of partners together as a function of their specific competences in given sectors. Each partner was mobilised because of its competences, thereby guaranteeing that the organisation responsible for developing the project would remain autonomous.

The project was developed by combining two elements: operational planning and the financing package. The local operators did not expect the whole of the project to be completely worked out before they launched operations. For example, while the action plan was still being formulated, the municipality of Macroom bought the land that was to become the business park in order to reserve it for industrial use.

At the heart of the governance process, strong leadership was provided by the small nucleus of local and regional representatives who launched the initiative (Lee Valley Enterprise Board, Cork County Council, Macroom Urban District Council and South Cork Enterprise Board).

Financing calling on local, regional and international resources

The financing package for construction of the incubator, the first green building in the business park, represented the sum of one million pounds. This package was made possible because of funds allocated by County Cork with the support of a loan programme made available by the European Union to support regional economic development in Europe.

3.1.3 Success factors

The project's initial objectives have almost been achieved. More than 80% of the lots reserved for industrial use have been sold. Macroom is considered to be a green village. It represents the first environmental industrial park in Ireland and a local solution to a problem that is both national and global. It is the first such park because, with regard to both the building and the environmental standards it applies in accepting businesses for incubation, it is dedicated to the development of what is called a 'green economy'.

The success of the project is certainly the fact that it has been able to differentiate itself from other projects in the county that were on the drawing board at the same time. Macroom's ability to stand out and to skilfully mobilise the necessary resources is undoubtedly related to the fact that the project promoters were able to create a joint identity within the organisations they approached, which facilitated the promotion of the environmental industrial park concept to decision-makers in County Cork. It is undeniable that the environmental slant was a judicious choice given the existence of the Irish National Development Plan (2000–2006), which highlighted this issue.

The balance between local dynamism created by a small, informal group of promoters, the municipality's desire to revolutionise the way it approached local development, a community organisation's commitment to make the Lee River Valley a green zone, and the regional and national governments' favouring of a more sustainable economy all worked to benefit this project. These elements ensured that it was able to stand out and move through the key steps in its creation, one by one:

- composition of a small but strong team;
- a project founded on common interests and not on the defence of the promoters' individual interests;
- a solid, innovative proposal based on a viable execution plan;
- a new development vision that matches economic development with the promotion of sustainable development principles and values.

3.1.4 Drawbacks, limitations and typical costs

Three kinds of problems were encountered at the outset and throughout the course of this project: financial, cultural and promotional.

Financially, it was not clear whether the proponents would be able to firm up the financial package needed for the design and construction of a green building at a time when this technology was still being developed. Moreover, this kind of project was hard to justify for a municipality of 3000 people: why there and not elsewhere?

Culturally, there was a need to persuade a number of partners and entrepreneurs of the long-term benefits of a development policy based on ecological principles. Although it was relatively simple to highlight the social relevance of the policy, it was less easy to prove that it was economically viable.

Regarding promotion, the promoters had to sell a double idea: choose an environmental policy and convince future entrepreneurs to locate in the municipality of Macroom. The fact that the environmental industrial park was the first one in Ireland certainly helped to promote the project.

Finally, one of the cross-cutting problems of such a project is related to the importance of not losing sight of the original goals. From the time when the project was thought up until it was completed, a set of factors and constraints affected the decisions that were made. It was important for the promoters to remain firm and focused on the project's primary objectives so that the environmental policy they were promoting would not be watered down.

3.1.5 Example

A similar project exists in the United States: the Phillips Eco-Enterprise Centre (PEEC), which was developed by the Green Institute in Minneapolis. The Green Institute rehabilitated a former landfill site and built an ecological building, the PEEC, to serve as a showcase for the different methods that can be used to construct green buildings.

The Green Institute is a local, non-profit environmental, economic and social engineering and action centre created by local entrepreneurial dynamism in a neighbourhood of the city of Minneapolis, Minnesota. The Green Institute created the ReUse Centre, a store that sells used and reusable building materials from deconstruction projects. The Green Institute was founded in 1993 by the residents of the Phillips district in Minneapolis after a long battle against a city project to establish a waste storage and transfer station. Since its first grant of USD 7500, the

Institute has grown to become one of the largest social development organisations in Minnesota and a model for sustainable development entrepreneurship. In October 1995, the Institute opened the ReUse Centre, which retails salvaged building materials. The store's sales grow every year and more than tripled in 2000.

The ReUse Centre has served 85000 low-income homeowners, renters, and individual consumers who want to be 'greener' in their purchases. In October 1999, the Phillips-Eco-Enterprise Centre (PEEC) was opened on the site once planned for the transfer station. The PEEC, which is built from 79% used and refabricated materials, included 15 'green' cooperative businesses in June 2001.

Mission

- create sustainable local enterprises;
- formulate programmes that produce jobs for low-income people, while simultaneously improving the quality of the urban environment;
- solidify links between the economy, ecology, and social equity;
- inform and educate people about the environment.

Financing the Green Institute

- 75% of the Institute's annual USD 3 000 000 operating budget (in 2000) comes from programme revenues;
- 25% comes from local and national funding sources. Donated funds are used to meet the organisation's administrative, human resources and strategic planning needs.

Operation of the ReUse Centre

- 15 staff members operate the store seven days a week and receive a living wage, benefits, and a quarterly bonus based on sales (Lepage et al., 2008, p. 17) [our translation].

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3.2 Germany - IBA Emscher Park

By Jean Marc Fontan (UQUAM)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.2.1 Presentation

Inspired by an experiment going back to the turn of the 20th century (the Darmstadt artists' colony in 1901), the *Internationale Bauausstellung* (IBA) project (International Building Exhibition) is a flexible intervention structure set up for a predetermined period of time to intervene in a territory experiencing difficulties and give it a new lease on life. The IBA Emscher Park is the fifth such mechanism started up in Germany since the start of the 20th century.¹⁹ It constitutes of a laboratory-style operating on the basis of projects promoted locally by actors on the territory concerned.

The objectives of an IBA are defined as a function of the predevelopment problem that needs to be acted upon in a territory that is considered to be in crisis. It involves working in the social, economic and cultural milieu on the basis of an integral architectural approach that combines intervention on the built environment and on the natural environment. The following projects fit this model:

- the IBA Emscher Park (1989–1999) extends over an 800-km² zone that houses 2.5 million inhabitants; the objective was to change the image of this old industrial coal-mining zone;
- the IBA Fürst-Pückler-Land south of Brandenburg (2000–2010) targets the rehabilitation of a former mining region surrounding the Lusatian Lake District;
- the IBA Saxe-Anhalt (2002–2010) has been created on a 20 400 km² territory with 2.4 million inhabitants; the goal is to give new demographic vitality to the State following a major exodus of its population;
- the IBA Hamburg (2000–2013) concerns a 52 km² zone with a population of 55 000: the objective is to revitalise the Elbe islands, an area with an industrial vocation;
- the IBA Basel 2020 relates to the regeneration of a zone at the conjunction of three countries (France, Germany, and Switzerland).

¹⁹ The first had been in Darmstadt prior to the First World War and involved creating a garden city settlement; the second in Stuttgart in the 1930's which encouraged the new architects from the Bauhaus; two in Berlin – one in the 1950s to develop the Hansaviertel, a dense urban settlement which by inserting buildings by architects such as Gropius or Alvar Aalto has a more open, green feel; the second in the 1980s in areas such as Kreuzberg. This IBA began to reshift and move away from an exclusive new building process towards rehabilitation and re-use of old buildings as well as social participation' (Landry 1999, p5).

3.2.2 *Implementation method*

The idea of launching the IBA Emscher Park operation was developed in 1988 by a small group of promoters under the leadership of three key actors: Karl Ganser, a senior civil servant and professor at the University of Munich; Johannes Rau, President of the State of North Rhine-Westphalia; and Christoph Zöpel, Minister of Urban Planning and Land Transportation of North Rhine-Westphalia.

The project started in 1989 with financial assistance from the State, which injected EUR 3 million a year to support the creation of the project team. A limited liability partnership, IBA Emscher Park, was created, bringing together some 30 professionals. Its role is less to be prime contractor of the hundred or so projects being carried out than to ensure good mediation, consisting of:

- define an intervention framework;
- invite representatives of civil society, entrepreneurs and municipalities to submit projects as a function of the defined action framework;
- choose the projects to be retained;
- secure the financial packages and technical support needed for their execution.

The team is supervised by a board of directors made up of 18 people, who represent the State, the integrated municipalities around the perimeter of the IBA, economic stakeholders, union members and representatives of nature protection associations and professional associations of urban designers and architects.

Why revitalise this region?

The Ruhr Valley is a key region of the State of North Rhine-Westphalia. This valley is made up of three rivers that flow into the Rhine. The region constitutes a coal basin where an important steel industry developed.²⁰ The number of coal mines declined from 140 in 1957 to seven in 2000. Coal production decreased from 130 million tonnes in 1939 to 56 million tonnes in 1989. Between 1905 and 1955, the population of the Ruhr Valley increased from 2.9 to 6.5 million people; it is now only 5.3 million.

The region is undergoing an obvious socio-economic decline. In 2005, the unemployment rate was 16%. The State's population has been decreasing constantly since the early 1960s. Once an attractive region – the industrial heartland of Europe – it has become repellent because of the atmosphere of decline and the polluted image associated with it. There are numerous abandoned brown-fields. Water and soil pollution are major problems. Few investments have been made in public infrastructure and land use planning is considered to be anaemic. There is little or no intercommunity cooperation. All these factors contributed to the region's low level of economic attractiveness in the early 1980s.

For the group leading the IBA project, the regeneration strategy had to be primarily centred on upgrading the territory so that it would become attractive once again. How could this be done? - By inculcating a culture of innovation that would be conveyed by a proposed development plan focusing on cultural assets and natural heritage. It was therefore important to take a new look at the region in

²⁰ Major steel manufacturers in the region include Thyssen (railways and heavy armaments), Krupp (iron flats, from steel to finished goods) and Stinnes (steel in common use).

order to see beyond the scars represented by the industrial brown-fields and the devastated landscape and grasp the potential for development on which the region could capitalise. It was necessary to move beyond a wait-and-see development orientation focused on the actions of large corporations and turn the region into a concerted space to be managed based on a common interest that was greater than the individual interests defended by each of the 17 communities.

The promoters of the IBA project therefore counted on the existence of both an industrial heritage and a natural heritage that could constitute levers for development. These levers could be made to function with the help of an artistic and cultural initiative, which the promoters gave themselves sufficient time to deploy – ten years – in a defined territory: an 800 km² perimeter whose centre was the Emscher Valley,²¹ thereby defining a space that was symbolically unified by the slogan 'live and work in Emscher Park'. The park's perimeter included 17 municipalities,²² which agreed, by municipal statute, to work together to revitalise the Emscher River Valley.

The proposed temporal unification of the territory was made possible by the creation of a governance structure dedicated to the upgrading of the Emscher Park zone and by the execution of 120 projects on 93 sites that were conceived and submitted by civil society organisations, private enterprise and communities in the Ruhr Valley. *A posteriori*, the projects can be classified under five themes:

1. cleaning of the river system, with a view to renaturalisation and the elimination of all toxic discharges into the various rivers and canals of the region;
2. creation of science and technology Centres (22 centres have been developed); this theme is the most economy-focused of all in the sense that it concretely targets the development and support of purely economic activities;
3. renovation of 3000 housing units and construction of 2 500 new ones, 75% of which are dedicated to social housing; a self-help construction programme was set up, which enables low-income families to access property by taking the hours worked into consideration in the construction costs;
4. reconversion, without demolishing them, of former mines, factories and steel foundries;
5. creation of a landscape park and seven green corridors, separating the 17 largest municipalities in the Emscher Valley.

This redevelopment action is accompanied by a knowledge mobilisation plan – seminars, conferences, national and international competitions (50) for architects and developers, publications – which favours the development of original, innovative and groundbreaking ideas while working to deploy a new territorial identity with an ecological and artistic signature based on a creative, participatory land use plan.

An example is the type of innovation applied for in the calls for tenders during competitions: they take shape on the basis of a strategy of cooperation and not of competition between the firms or groups interested in executing a project. Tenders are formulated cooperatively and require visits on the ground.

²¹ The maximum extent of Emscher Valley is 67 km wide by 117 km long.

²² The following municipalities are involved: Duisburg, Oberhausen, Mülheim an der Ruhr, Bottrop, Essen, Gladbeck, Bochum, Gelsenkirchen, Recklinghausen, Herne, Herten, Castrop-Rauxel, Waltrop, Lünen, Dortmund, Kamen and Bergkamen.

The economic spin-offs result less from the will to attract companies directly by means of massive industrialisation calling on stimulus mechanisms such as industrial policy or programmes of subsidies for companies locating in the region, and more from the impact that the project as a whole has had on the area's socio-economic attractiveness as a result of the rehabilitation of the industrial building base for the following purposes:

- cultural: creation of museums, theme parks on the industrial past, such as the Zollverein mine's Number 12 shaft, and historic markers such as the Batenbrock spoil tip;
- recreational: development of 580 km of bicycle paths and walking trails, including the Emscher Park bicycle path (230 km) and the walking trails in the same park (130 km), numerous theatres and cinemas, and recreational spaces in old industrial sites such as swimming pools, climbing walls and dive sites;
- social: reconversion of industrial sites into homes, including Küppersbusch (267 housing units) and development of 26 garden cities (reconversion of old ones such as Weilheim Bottrop and creation of new ones such as Küppersbusch). Several of these garden sites incorporate green living principles (green roofs, energy management, runoff management). The renovation of several stations (e.g. Auberhausen) has permitted the rehabilitation of public transit and train-bus transfers;
- industrial: availability of revitalised industrial spaces for companies specialising in R&D or new technologies, such as the Lüntec technology park and the ShellSolar solar panel plant in Gelsenkirchen;
- ecological: renaturalisation of the banks of the Emscher River and its tributaries such as the Deininghauser, naturalisation of wastewater canals (Holland mine), and forest management as in the Ripshorst Arboretum and the Ruderal Park Frintrop industrial forest.

Table 1: List of the Main Projects Developed on the Emscher Park Site (1989-1999)

● **Duisburg**

1. Duisburg-Nord Landscape Park
2. Oberhausen-Duisburg „Green Trail“
3. Inner Harbour Service Park
4. Ruhrort harbour district
5. City region with special requirement for renewal - Duisburg-Marxloh
6. Build simply and by yourself - Taunusstrasse, Hagenschhof
7. Ruhrort indoor swimming pool, Museum of German Inland Navigation

● **Oberhausen**

2. Oberhausen-Duisburg „Green Trail“
8. Ripshorst ecological shrubbery garden
9. Osterfeld garden - land garden festival 1999
10. Public golf course Jacobi (with Bottrop)
11. Technology Centre for Environmental Protection
12. Main station in Oberhausen
13. FRIEDA job creation and training scheme for women
14. Stemmersberg housing area
15. Oberhausen gasometer

● **Bottrop**

10. Public golf course Jacobi (with Bottrop)
16. Emscher sewage treatment plant
17. Arenberg-Fortsetzung Business Start-up Centre
18. Quellenbusch Health Park
19. Malakoff tower Prosper II
20. New city region Prosper III
21. Welheim garden estate
22. Emscher-Blick landscaped tailing heap

● **Gladbeck**

23. Gladbeck-Brauck Business Park
24. Wiesenbusch Innovation Centre
25. Build simply and by yourself - housing area „Rosenhügel“

● **Mülheim an der Ruhr**

26. Old riding hall

● **Essen**

27. Mechtenberg Landscape Park (with Bochum and Gelsenkirchen)
28. Residual space in the industrial landscape (also Gelsenkirchen)
29. Tradesmen's Park, mine Zollverein 5/7/10
30. Sports and health centre mine Helene
31. Station in Essen-Altenessen (Cologne-Minden railway, stations and stops)
32. Altenessener forum - machine house mine Carl
33. Ethno Art Ruhr
34. Mine Zollverein XII
35. Coking plant Zollverein

● **Gelsenkirchen**

27. Mechtenberg Landscape Park (with Bochum and Essen)
28. Residual space in the industrial landscape (also Essen)
36. Rheinelbe Science Park
37. Nordstern Business and Landscape Park
38. City region with special requirement for renewal - Gelsenkirchen-Bismarck/Schalke-Nord
39. Ecological and multi-cultural comprehensive school Gelsenkirchen-Bismarck
40. Main station in Gelsenkirchen (Cologne-Minden railway, stations and stops)
41. Consol theatre
42. Living on the Küppersbusch site
43. Schüngelberg housing area
44. Build simply and by yourself - Laarstrasse
45. Gallery for architecture and work GAAG

● **Herten**

46. Industrial boulevard Herten-Süd
47. Herten Technology Park and Centre of the Future

48. House building in Backumer Tal
49. Build simply and by yourself - the „children-compatible housing area“ Feldstrasse,

● **Bochum**

27. Mechtenberg Landscape Park (with Essen and Gelsenkirchen)
50. Commercial and residential park mine Holland
51. City park West

● **Recklinghausen**

52. Recklinghausen-Süd community centre
53. City region park Recklinghausen II
54. Alternative living in Recklinghausen-Süd
55. „Im Ziegelgrund“ housing area
56. Build simply and by yourself - Holthoffstrasse
57. VEW transformer station

● **Herne**

58. Bladenhorst Landscape Park (with Castrop-Rauxel)
59. Sodingen community centre and further training academy
60. Photovoltaics in the community centre Sodingen
61. Herne Innovation Centre
62. Westphalian museum for archeology
63. Station in Herne (Cologne-Minden railway, stations and stops)
64. Station in Herne-Wanne (Cologne-Minden railway, stations and stops)
65. Teutoburgia housing area and Korte-Düppe housing area
66. Hülsmann brewery

● **Castrop-Rauxel**

58. Bladenhorst Landscape Park (with Herne)
67. Erin Service and Business Park
68. Park swimming pool South
69. Cultural café and amphitheatre mine Ickern
70. Main Station in Castrop-Rauxel (Cologne-Minden railway, stations and stops)

● **Waltrop**

71. Brockenscheidt Business Park
72. „Im Sauerfeld“ housing area
73. Waltrop Canal Lock Park

● **Dortmund**

74. New Eving centre
75. Station in Dortmund-Mengede (Cologne-Minden railway, stations and stops)
76. „Depot“, Dortmund Nordstadt
77. CEAG housing area
78. Fürst Hardenberg housing area
79. Welfare building at Nollendorfpplatz

● **Lünen**

80. Lake park Lünen (land garden festival 1996)
81. Technology Centre „Lüntec“
82. Main station in Lünen
83. Build simply and by yourself - „Am Calversbach“

● **Bergkamen**

84. Ecological fieldstation „Schulze Heil“
85. Healthy landscape, healthy foods in the Seseke landscape park
86. Bergkamen town centre
87. Housing planned and built by women
88. Build simply and by yourself - Hubert-Biernat-Strasse

● **Kamen**

89. Monopol Residential and Technology Park

● **Emscher region**

- Emscher Park cycle path north and south

90. NRW Eco-Centre
91. Cultural train station Hamm

The project as a whole is deployed on the basis of three areas of intervention:

1. the exhibition park: an 800 km² zone that integrates urban, agricultural and open spaces. The whole territory is covered by a master development plan (initial proposition) and a regional development strategy focused on concerted community action, mobilisation of financial resources from the State and the EU and involvement of local entrepreneurs and civil society organisations;
2. regional action: the exhibition park is divided into seven interrelated green intervention zones. Each zone includes three to five municipalities;
3. intervention sites for the development of projects submitted by the different actors (120 projects for the period concerned, plus 180 projects throughout the Ruhr region).

3.2.3 Success factors

- the project is primarily based not on the application of a pre-programmed recipe but on a working method. The proponents combined two development logics; a logic of planning by creating a governance mechanism and a decentralised logic of private projects. These projects had to comply with certain guiding principles: preserve the industrial patrimony, revitalise natural areas, implement innovative and creative projects, develop strong symbols, promoters must execute their own projects, combine economic and social development with cultural and artistic development, and all from a sustainable development perspective;
- strong leadership assured by visionary promoters under the leadership of one person - Karl Ganser;
- the project and its leadership were based on a proposal that has deep roots in modern Germany: building exhibitions. The proposal was formulated based on continuity – putting architecture to work in developing living environments – and in a break from the past: an expansion of the IBA concept to incorporate new realities, including environmental concerns;
- the proposal attracted the interest of the various stakeholders; of the 120 projects carried out, half were not on the radar of the private sector or public-sector project portfolios when the initial master plan was presented;
- an adapted management structure that was able to work with longstanding institutions such as the association of municipalities (Kommunalverband Ruhr) and the water management cooperative (Emscher genossenschaft), and to mobilise more recent structures such as the regional land management organisation created in 1979, made up of a regional land fund (Grundstücksfonds) and a development company (Landesentwicklungsgesellschaft), while permitting the creation of new ones such as the Emscher Park project management council and the Regionalverband Ruhr, created in 2004, which succeeds both the municipal association and the Emscher Park project management council;
- the Emscher Project must be evaluated on a long-term basis.

Two positive elements can be seen: firstly, at the end of the work phase Emscher Park has created new energy in the Ruhr region in the form of Die Regionalen 2000–2010. These are major projects envisioned by the various Ruhr areas. Since 2000, ten projects have been executed in the State. Secondly, the IBA concept, as redefined by the Emscher Park project, has given rise since 2000 to three other experiments in Germany and one on the border between France, Germany and Switzerland. Beyond the pilot project, a new development model has been instituted in the Ruhr Region and in Germany, based on a working method that is adapted to the specific needs and problems of regions or metropolitan areas that require a major socio-economic revitalisation effort.

3.2.4 Drawbacks, limitations and typical costs

This metropolitan laboratory required the mobilisation of huge investments from both public and private sources. Approximately EUR3 billion was awarded for the execution of 120 projects (one-third from private sources and two-thirds from public financing obtained from 36 different funds: regional, national and international (EU)). Approximately EUR 30 million is required to cover the annual management expenses of IBA Emscher Park (public investment by the State). Over a ten-year period, more than 30000 people have been employed on the 120 projects.

IBA Emscher Park has never been systematically evaluated. An evaluation project (IBA Revisited) carried out by researchers from the University of Dortmund is under way.

Based on the various aspects of this experiment, the following questions or problems have been noted:

- the goal of developing a culture of innovation has been partially achieved; innovation is present in the very nature of most of the projects that have been carried out, which are innovative and demonstrate creativity. However, beyond the projects, a culture of innovation has not really been implanted. The wealth of projects does not in itself represent a way of changing the behaviour of a population that has always seen development flow from the actions of major private-sector actors. Thus, the projects developed are supported more by existing creators and innovators, who are often recruited from outside the territory by competitions, than by new creators or innovators emerging from mobilisation work done with the general population.

Fordist industrial culture is still very present in the region and the project as a whole has not been able to renew the economic foundations and entrepreneurial leadership. In a way, the traditional elites have benefited from a new dynamic without losing their stranglehold on the modes of governance in the territory.

- the objective of giving new life to regional and local development by stimulating local and regional projects and attracting the attention of national and international developers has been achieved to a moderate degree. It is true that new-economy businesses are starting up. The region's socio-territorial capital²³ has

²³ By socio-territorial capital, we mean all the assets, mechanisms and systems, including institutional rules and

increased, and thus so has its attractiveness. The project as a whole has undeniably generated jobs in construction and rehabilitation. On the other hand, it has not been reflected in an ability to develop a significant pool of new, high-quality, full-time jobs. Moreover, some of the projects were based on the transfer of business activities or projects from one region to another, or from one municipality to another.

- The objective of stimulating numerous projects that would be taken over by promoters has been achieved. On the other hand, these projects are still managed by public and private authorities and some civil society associations. There is a distinct lack of participation by the general population. The issues related to redevelopment have meant that technical projects based on infrastructure upgrading have been more frequent than citizen projects. According to Charles Landry (1999), the issues in terms of quality symbolic projects have meant that a particular conception of art and cultural activities has been favoured, at the expense of more working class or popular artistic and cultural representations.

3.2.5 Example

The Emscher Park project has enabled the development of several social projects or projects that take social aspects into account by mobilising civil society actors in the region.

Developmental changes taking place, from Duisburg to Dortmund, require joint efforts within the region. Many Ruhrgebiet residents are working on IBA projects. They help to establish new housing areas, develop ideas for the use of old buildings, they offer their knowledge of mining history and the iron and steel mills, or they actively work on co-designing their greenbelt recreation areas. These people are bearing the main load of regional development.

At the end of 1996 the region was called to 'take the initiative.' The goal was to support small, privately organised, city neighbourhood projects where energy and commitment had been initially generated by the citizens themselves – regardless of their social, cultural or ecological field of activity.

Some of these initiatives have developed into employment and training bodies, which have been particularly influential in bringing young long-term unemployed back into working life. These young people are employed on many IBA projects: refurbishing old mining halls, constructing bicycle paths or designing parks. Integrating the unemployed and developing new fields of work are the aims in all sectors of the IBA.

Such projects are also initiators for structural change. They make substantial contributions to improving infrastructure possibilities, local community activity networking and recycling of unused space and buildings. Often they also help knit together construction investment and programmes with training and reemployment schemes. A total of 16 such projects were included in the IBA Emscher Park. The support of initiatives has taken a concrete form: convincing concepts are financially supported by the Land North Rhine-Westphalia. (Schwarze-Rodrian, 2002, p. 6)

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3.3 Denmark - NOVI Science Park, North Jutland

By Jean Marc Fontan (UQUAM)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.3.1 Presentation

NOVI A/S, or Nordjyllands Videnpark A/S, has the mission of supporting the development of an environment that favours technological innovation in North Jutland, Denmark. It fulfils this mission by managing a science park that includes a business park (NOVI Science Park) and by providing technical assistance and venture capital to support the development of innovative businesses (NOVI Innovation).

The NOVI group is the outcome of a socio-economic joint action initiative that was undertaken in the city of Aalborg in the mid-1980s to handle the socio-economic devitalisation problems that the region of North Jutland was then undergoing. The region has approximately 600000 inhabitants, 190000 many of whom live in the main city of Aalborg.

Declining economic sectors (agriculture, fishing, textiles, shipbuilding, food processing), business closures (including the loss of 2 000 jobs in 1988 following the closure of three major companies, including the Aalborg naval shipyard), weak capacity to attract new residents and demographic decline and a higher unemployment rate are amongst the indicators showing the increasing difficulties that North Jutland was experiencing compared to Denmark's other economic zones; for example, the unemployment rate in the region increased from 10% in 1986 to 16% in 1993.

The North Jutland region has traditionally been characterised as peripheral with an unemployment rate amongst the highest in Denmark. The industrial profile of Aalborg (the capital city of the region) has been dominated by traditional labour intensive manufacturing industries while the other parts of the region have been dominated by primary industries, especially agriculture and fishing, and in more recent decades, tourism. Some people claim that during the 1990s the region has experienced a process of structural change towards more growth-oriented industries (during the 1990s some parts of the region became specialised in machinery and equipment as well as electronics). However, the region can be still characterised as low-tech/periphery (Stoering and Christensen, 2004, p. 6)

A number of factors favoured the formulation of a regional development strategy, including the following:

- the weight of structural constraints, amplified by the fact that North Jutland is a peripheral region;

- the changing reality of the world economy: transition to a knowledge-based economy;
- the reorganisation of the Scandinavian model: this model, which had proven itself from 1970 to the end of the 1970s, was showing signs of weakness in the new context of a globalised economy. It needed to be updated to deal with a reality in which central governments had fewer resources, the governance entity represented by the European Union had assumed greater importance and was deploying financial resources to support regional developments across Europe and, finally, recourse to the market and privatisation had become central for economic regeneration;
- the appearance of European funding: regional development support is available for the reconversion or revitalisation of regions considered to be in difficulties, including assistance programmes for the creation of new-economy companies (e.g. information and communication technology (ICT)). More specifically, it should be mentioned that granting finance on the basis of Objective Two of the European Structural Funds (arising out of the Lisbon and Gothenburg strategies);
- the Danish government's will to decentralise the mechanisms supporting economic development by facilitating the implementation of regional development strategies.

Among these factors, the high unemployment rate, due to the loss of economic vitality in the North Jutland region compared to other regions of Denmark, was a key factor that promoted mobilisation around the formulation of a regional economic revitalisation strategy.

What are the guiding principles of this regional development strategy?

The strategy includes:

- introducing innovative practices, technologies and techniques into traditional industries and services, adding knowledge to design and production processes, as well as using new materials and developing new products;
- encouraging the attraction and growth of high tech industries, based on the convergence of science, research, technology development and innovation, particularly in communications technologies and applications;
- maintaining and improving the education and training of the workforce, aiming to improve management development and graduate retention (see internet: <http://cordis.europa.eu/cohesion/src/275-en-3.htm>).

This strategy is reflected in different dimensions, interventions and projects, including the formation of a working group comprising representatives of Aalborg University, Aalborg municipal government, a local bank and entrepreneurs who decided to work against the ongoing process of regional devitalisation. Under the leadership of the mayor of Aalborg, a mission was organised to Liège, Belgium, to visit a model science park in which the university had participated to support the development of new-economy businesses. This park also serves as an incubator for start-ups.

Following this visit, and in collaboration with the North Jutland County Council, the municipality of Aalborg and a local bank, two representatives of Aalborg University designed a project (the Knowledge Centre) that would enable the university to lay the foundations of what would become the NOVI Science Park. The first 5500 square-metre building was constructed near the university. The park

has a EUR 4.9 million venture capital fund, which was set up on the basis of partnership shares provided by the mobilisation of 100 shareholders from regional businesses and organisations. It was the first Danish venture capital fund made available to a science park (Denmark has six such parks), and allows for maximum investments of EUR 200 000 for business start-up projects.

NOVI's vision is to create competitive Nordic businesses. It has evolved from its initial 'Knowledge Centre' function, pioneering the use of its own share capital to finance early stage product development. Appointment as a venture capital company by the Danish Commerce and Companies Agency, with a credit facility of DKK 60 million (EUR 8 million), broadened its focus from site and service toward business development. NOVI Innovation, established in 1998, now works independently within NOVI as an innovation environment for new knowledge-based businesses, evaluating project proposals, undertaking start-up projects and supporting the launch of new companies. NOVI Innovation is now a national player with a DKK 500 million (EUR 67 million) capital base and investment portfolio in new and expanding IT, biotechnology, medical/health care and energy/process optimisation businesses (Pike, 2006, p. 1)

3.3.2 Implementation method

The science park includes a 60000 square-metre zone reserved for specialised companies in sectors requiring a particular kind of university knowledge mobilisation (engineering, biology, pharmaceuticals) or forming part of the new economy (ICT). In 2010, 75 companies from the following sectors had located in this park:

- wireless communications;
- education and training;
- energy and environment;
- investment;
- consulting services;
- communication technology;
- medical technology.

This science zone includes a business park (incubator) 26000 square metres in area. The business park was developed from 1989 to 2002 with the successive construction of six buildings adjacent to the university. Construction projects followed the demand for rental space dedicated to new project development. The incubator currently houses six incorporated companies and several emerging projects.

The science park consists of six buildings: NOVI 1, 5 and 6 are leased to individual enterprises, the research and development departments of existing businesses, commercial service businesses, and enterprise support agencies; NOVI 2 is occupied by the University of Aalborg's Centre for Personal Communication; NOVI 3 is leased to *InterMedia*, a company specialised in promoting research, development and education in the field of interactive multi-media; and NOVI 4 houses a number of ICT companies. (European Union, 2003, p. 19)

From 1989 to the late 1990s, the science park depended on the supply of rental premises and on its brand image. Starting in the late 1990s, NOVI began to

specialise in more rigorous supervision of the marketing of projects incubated in the business park. Since then, the group's management has looked closely at and supported innovation and building management. This specialisation has given the group the ability to undertake increased supervision on three levels:

- more effective management of general activities to support the development of a culture of innovation. When it comes to filing patents, the region is a latecomer compared to the other regions of Denmark. It was therefore important to work at different levels, including research and development in the local and regional universities, to increase the region's potential for innovation. It was also necessary to network with other universities across the country and elsewhere and with other European centres of innovation
- better building management to offer an environment (including the incubator function for technology projects and companies) that would foster the development of innovations and project maturation and automation. The site of the business park is able to meet needs ranging from new technology concept development to marketing within existing or new companies (in 1998–2006 it supported more than 80 high-tech start-ups, with a success rate of 50%);
- more solid coaching for entrepreneurs, which essentially consists of support with project management and financing packages. The business park has a venture capital fund that enables it to finance the various operational phases of an entrepreneurial project.

Since the beginning in 1998 NOVI Innovation has evaluated more than 1000 ideas for new companies. 434 preliminary studies have been carried out which has resulted in the establishment of 91 companies in all. In the beginning of 2008 NOVI Innovation had 39 active companies in its portfolio – 17 of these are active start-up projects. Nearly half of the 91 established companies show one of the following four criteria of success:

1. the company is sold to an industrial partner;
 2. the company has revenue from IPR, sales or licensing;
 3. the company has received private capital for further development;
 4. the company is self-sustaining
- (internet: <http://www.noviinnovation.dk/Fakta/>).

NOVI A/S has a professional team of 14 people who are responsible for stimulating the emergence of new technological ideas and supporting their marketing. New projects are identified in different ways, including by holding seminars and information sessions. The newly identified projects are evaluated, and those with clear technological potential are retained. The project leader is then helped to carry out a feasibility study. This generally takes three to six months and ends in the production of a business plan, which is submitted to a selection committee in hopes of being eligible for start-up funding. The costs related to the production of the pre-project are assumed by NOVI. Once the pre-project has been accepted, NOVI Innovation may grant a loan that will be paid out in instalments based on the successful completion of each step; a specific amount is paid at the end of each one. The entrepreneurial preparation is done together with the NOVI Innovation team. The project leader (an individual or a cooperative group of individuals) may choose to rent space in the business park. It then joins the 'Ignition Camp' work environment in which project leader and entrepreneurs are able to share information as they launch their companies. To financially support

the execution of a business project, NOVI Innovation grants loans with a value of EUR 27000 up to EUR 200000.

3.3.3 Success factors

The factors underlying the success of this experiment are as follows:

- the NOVI project is unique within Denmark in that it combines two main fields of activity which play an important role in the region
- NOVI serves as a link between science and research institutes with a particular focus on cooperation with Aalborg University, the hospitals of North Jutland and the North Sea Centre in Hirtshals. The underlying philosophy of this work is an understanding of the interactive process of transfer/translation and qualified innovation consultants are used to promote dialogue and cooperation between industry and researchers. Close contact is established with departments and individuals at Aalborg University to ensure that NOVI are informed and up to date on research developments;
- NOVI acts as a pool of expertise for potential technology transfer opportunities or joint projects. There are currently over 50 cooperative arrangements between companies and departments in Aalborg University. Promising joint ventures might be eligible for venture capital from NOVI.

The approach of the steering committee is characterised by a continual openness to the integration of R&D elements and the consideration of innovation within the entirety of regional development programmes. The central involvement of NOVI and Aalborg University, the two main regional organisations promoting research, technology transfer and innovative activity, are both strategic key players in the implementation of 'Objective 2' programmes. The North Jutland Steering Committee has granted NOVI DKK 89.3 million (EUR 12 million) over the last fourteen years in seven instalments (Best Practice Seminar, 2003, pp. 3-4).

The cooperation of the socio-economic and municipal communities with Aalborg University constitutes a key element in the region's socio-economic revitalisation strategy. Since the university's founding in 1974, it has developed close links with the business community and local and regional public-sector decision-makers. To support this collaboration, the university has set up a knowledge exchange office. The primary purpose of Aalborg University is to undertake high quality research and teaching within a wide range of disciplines. However, the university also recognises the importance and value of interaction with external parties. The role of the Knowledge Exchange Office is to create and strengthen mutually beneficial relationships between the university and external organisations and companies.

The Knowledge Exchange Office establishes relationships with companies and organisations in different ways:

- building and administering networks: The office runs 24 networks in which university researchers and representatives from external organisations and companies meet to discuss different topics within their particular field of interest;
- communicating student projects: The office administers a homepage where companies and organisations have the possibility to place a request/topic for a

- student project which they would like students to investigate;
- building networks between local representatives and University researchers: The office is coordinating the university's newest initiative which is designed to create networks between local business councils' representatives and researchers from the University and hereby to create local ambassadors with a special insight into the different cooperation opportunities between the university and organisations/companies.

The Knowledge Exchange Office is in charge of coordinating the university's involvement within the European Consortium of Innovative Universities (ECIU). The local ECIU coordinator (located at the Knowledge Exchange Office) is the consortium's local contact person for Aalborg University and the local coordinator's main purpose is to maintain a productive relationship with the other ECIU universities and to see that progress within the consortium is upheld for the benefit of the University as well as the surrounding businesses (internet: <http://www.nvc.aau.dk/English>).

3.3.4 Drawbacks, limitations and typical costs

The impact of the NOVI experiment for the region has not yet been assessed. The park has existed for 20 years and has allowed the creation of new companies and new jobs for well-educated people. We might wonder what the real impact of this experiment has been on people who have less education. Does this kind of strategy ensure balanced development in the region or does it at best allow the region to attract or retain specialised workers?

In the last three decades, the region has seen the emergence of a high technology cluster of electronics and telecommunications firms, branded as NorCOM, and spatially concentrated in a science park close to Aalborg University. The cluster contains about 35 firms employing nearly 4000 highly skilled workers. This constitutes more than 40% of high technology employment in the entire region, although only about 1.6% of total employment (Bradford, 2003, p. 21)

What other measures have been deployed to develop a labour market in North Jutland that demands less knowledge or skills? There is little or no documentation to answer this line of questioning.

It is important to mention that the European Union's contribution to the overall financing of this experiment has been key. In 2003, the NOVI Science Park represented an investment of EUR 31 million, of which close to EUR 13 million came from funding dedicated by the European Union to the revitalisation of areas considered to be in difficulties.

3.3.5 Examples

To support the transition from a traditional economy to one that makes intensive use of new knowledge, actors in the region, together with Aalborg University and the NOVI Group, chose to focus on a regional development strategy depending on the creation of clusters. This strategy was based both on regional characteristics and on a model of development promoted by Michael Porter in the late 1980s, namely industry clusters. On one hand, there was a natural cluster in the field of communication technologies, dating back to the 1950s. On the other hand, the idea of industry clusters was perceived very positively in Denmark in the late 1980s. It

appeared to be an effective means of relaunching the country's economy.

The collaborative work amongst the different actors from the private, public and social sectors in North Jutland made it possible to develop clusters in the areas of communication technology (NorCom) and life sciences (BioMed Community).

Science and Innovation for the living Bio and Medical Technology Competence in Denmark

BioMed Community is a cooperation that has the objective to develop and promote North Jutland's cluster within life sciences. The project partners represent the most important players in North Jutland within biotechnology, medical technology and health science and technology. The competence group, which encompasses Aalborg University, Aalborg Hospital, Bio and Medical Companies, North Denmark Region, Aalborg Commercial Council, the Aalborg Cooperation Council and NOVI Science contributes with resources and facilities.

The North Danish approach to the life sciences cluster is informed by its approach to electronics and telecommunications, which is a more established competency cluster in North Jutland. This has given research and innovation in North Denmark a more technological profile than found elsewhere. North Denmark has easy access to knowledge and resources on telecommunications and electronics, which may be applied within the bio & medical technology sector, telemedicine, biosensors, and nanotechnology.

The cluster of bio and medical technology in North Jutland offers a very active international innovative environment. Education and research activities, creation of bio and medical technology companies, plus substantial support from the public regional partners, characterise its development. It has great potential for stimulating new bio - and medical industries in the region.

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3.4 Bulgaria - Active Labour Market Services (ALMS) Programme

By Regional Development Agency and Business Support Centre for SMEs

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.4.1 Presentation

The presented tool, the Active Labour Market Services (ALMS) programme, is an active labour market activity that offers information and active labour services to assist economically disadvantaged individuals in poor communities to extend and use their human capital productively, particularly in the context of changing economic and labour market conditions and restructuring processes. The ALMS programme addresses poverty and long-term unemployment which is constant in some regions and concentrates mainly on poor and minority groups, who are disadvantaged in many ways – isolation, limited access to the labour market and basic services, and low levels of employment. ALMS assist in creating the necessary human capital and enhancing workforce mobility. This programme is an investment in the economical development of the country, which is a prerequisite for employment.

The ALMS objectives are:

- to motivate and encourage the unemployed to work, including to develop their own business;
- to improve access to the labour market for the unemployed;
- to contribute to the social inclusion and employment provision for the long-term unemployed;
- to improve the competitiveness of the unemployed through qualification and development of work habits;
- to encourage development of partnership in programme implementation;
- to encourage private businesses and civil society to participate actively in measures of overcoming poverty and unemployment in the country; and
- to strengthen the administrative capacity of the Employment Agency (EA) structures for management and spending funds.

The services to be provided under the programme are:

- employment services (ES);
- training and retraining services (TS);
- small business support;
- small business incubators;
- local economic development planning (LEDP).

3.4.2 Implementation method

The ALMS programme is managed by the employment agency (EA) at the Ministry of Labour and Social Policy, in cooperation with the Social Investment Fund unit (SIF). EA and SIF define the general objectives, principles, criteria and basic mechanisms of

implementation and work; 35 labour offices (PES) in the districts or cities periodically put out a call for tenders. The regional labour offices evaluate the tenders, conclude contracts with the selected service providers and handle the individual payments. The various departments of the employment agency monitor and evaluate the implementation of the services. The organisation's service suppliers report to the labour offices in the region where the service is provided.

As a whole the programme is aimed at groups in a disadvantaged position on the labour market (due to isolation, weak social capital, bad access to services and low employment). Generally, the beneficiaries of ALMS are:

- registered unemployed people, including long-term unemployed from poor communities;
- employed people who have received redundancy notification
- micro/small enterprises, which have started up within the last 24 months, which will provide jobs for unemployed people registered in the labour offices and for unregistered, unemployed people.

3.4.3 Success factors

For each group of services the programme assesses their efficiency at the end of the contract against several indicators. These include providing employment for the intended beneficiaries of the services, achieving a set percentage of people setting up their own business and strengthening the enterprises who receive the services. The expected results are:

- limitation of social isolation and improved access of unemployed people to services;
- active participation of the private sector in tackling unemployment and poverty;
- improved interaction of the social partners' network;
- sustainable mechanisms for effective implementation of procedures on providing and realising services
- consistent improvement of the mechanisms for selection, monitoring and evaluation of the implementation;
- strengthening local capacity through promotion of entrepreneurship;
- strengthening the administrative capacity of the Employment Agency structures

The three new services provided are: Small Business Assistance (SBA) – financing of advisory/training services; Rented Business Incubator (RBI) – provision of premises, equipment and services; and Virtual Business Incubators (VBI) - offering services both for start-up and for developing small business.

3.4.4 Drawbacks, limitations and typical costs

The first interim report of ALMS made several recommendations; the following points refer to these recommendations and highlight any action or response that has been initiated:

- the programme should be more targeted, with geographical targeting to ensure wide geographical coverage of services, with poverty targeting to ensure engagement with prioritised pockets of poverty and with client targeting to improve participation and job placement rates of vulnerable groups;

- reasons for the low take-up of employment service contracts need to be identified.

National and regional investigations (workshops, discussions, monitoring and evaluation activity) conclude that service providers are:

- still learning to design such proposals and to create partnership with employment agency structures;
- reluctance to commit themselves to targets when lack of vacancies hinder job placement;
- unwilling to work with 40% of the intended beneficiaries who are on social benefits;
- not in favour of adding an additional requirement that job placements be for a minimum of one year;
- not prepared to work with ALMS target groups as employers are reluctant to employ unskilled people;
- looking for short-term profits.

3.4.5 Examples

The Regional Development Agency with Business Support Centre for SMEs in the Plovdiv region (south-central Bulgaria), which is part of the EURANEC Network, has three projects within the framework of the ALMS programme and participated in the realisation of a further project as an expert. The projects are as follows:

- Project No 611034080702 'Virtual Business Incubator for Unemployed People and Young Entrepreneurs from Saedinenie and Kaloyanovo Municipalities'
- Project No 617015080517 'Planning of the local economic development of Municipality Saedinenie'
- Project No 915015080058 'Planning of the local economic development of Municipality Topolovgrad'
- Project No 617015080501 'Planning of the local economic development of Municipality Krichim' (involved here as experts).

A. Planning the local economic development of municipalities

The Regional Development Agency with Business Support Centre for SMEs - Plovdiv has implemented the following activities:

- primary research and establishment of conditions for planning the local economic development of the Municipalities Saedinenie and Topolovgrad including: collection and processing of analytical information about the existing situation of Municipalities Saedinenie and Topolovgrad; identification of the local social partners and other stakeholders; working meetings, workshops, seminars and other forms of active participation of the stakeholders in the planning process; building local capacity on planning issues through training and offering individual consultations;
- detailed investigations of the local economic potential including: analysis of the processes and trends of the local economy of the Municipalities Saedinenie and Topolovgrad; analysis of the opportunities for attraction of investments in Municipalities Saedinenie and Topolovgrad; financing job-creation opportunities in the Municipalities Saedinenie and Topolovgrad; elaboration of strategies for local economic development and plans for their realisations; development of an online database with information about the territory of the Municipalities Saedinenie and Topolovgrad, including the elaboration of a human resources plan; elaboration of

terms of reference for the General Territorial Plan for the Municipalities Saedinenie and Topolovgrad including specific sections about the investment capacity of the territory and the territorial distribution of the human resources;

- development of a communication strategy and promotion materials to attract investors to the region and promote the local economic potential;

Results achieved results by the Regional Development Agency with Business Support Centre for SMEs – Plovdiv:

- made available collected and processed analytical information about the existing situation of the Municipalities Saedinenie and Topolovgrad;
- identified local social partners and other stakeholders;
- conducted working meetings, workshops, seminars and other forms of active participation with stakeholders during the planning process;
- trained 40 representatives of the target groups from the Municipality Saedinenie and 50 representatives from the Municipality Topolovgrad in planning local economic development (accredited course);
- building local capacity on planning issues through training and realised over 240 hours of individual consultations;
- analysis of the processes and trends of the local economy in the two municipalities;
- analysis of the opportunities for attracting investments in the two municipalities;
- seeking opportunities where new jobs could be created in the two municipalities;
- elaboration of strategies for local economic development and plans for their realisation;
- development of an online database with information about the territory of the two municipalities including the elaboration of a human resources map;
- elaboration of terms of reference for the General Territorial Plan for the two municipalities;
- developed a communication strategy, promotion materials and a website.

Products developed by Regional Development Agency with Business Support Centre for SMEs – Plovdiv:

- report on the economic situation of the Municipalities Saedinenie and Topolovgrad;
- ‘problems’;
- SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and STEP (Socio-cultural, Technological, Economic-environmental Political) analysis;
- analysis of the opportunities to attract investments;
- analysis of the labour market;
- strategic plan for an active labour market;
- methodology guidelines for the development of municipal development strategies;
- practical advice for the establishment and realisation of local strategies;
- model strategies for the development of social services, human resources and agriculture;
- communication strategy;
- methods for the creation, announcement and approval of a General Territorial Plan for the municipal territory
- terms of reference for the General Territorial Plan of the Municipalities

Saedinenie and Topolovgrad;

- websites: internet: www.aupt-rda-saedinenie.hit.bg internet: www.aupt-rda-topolovgrad.hit.bg;
- promotional materials for the Municipality Saedinenie: Poster 'One New Beginning'; leaflets 'Our Vision – Our Goal', 'Prosperity through Growth and Development', 'From Qualification towards Employment' and 'Modern Agriculture, High Yields, Prosperity';
- promotional materials for the Municipality Topolovgrad: Poster 'One New Beginning'; leaflets 'Our Vision – Our Goal', 'Prosperity through Growth and Development', 'From Qualification towards Employment', 'Invest in Topolovgrad', 'Historical Heritage' and 'Ecology and Tourism'.

B. Virtual Business Incubator for Unemployed People and Young Entrepreneurs

The Regional Development Agency with Business Support Centre for SMEs – Plovdiv has implemented the following activities:

- training seminars;
- seven-day basic training course on entrepreneurship– overall 47 unemployed people took part;
- five-day management of a small company course – three micro/SMEs started their own business within the last 24 months.
- **Delivered individual and group consultations** on the following issues:
 - • company registration;
 - • access to financial funds for development of SMEs and donor programmes;
 - • implementation of good practices;
 - • quality management systems;
 - • document keeping and business correspondence;
 - • conducting of negotiations;
 - • prices and pricing;
 - • access to technologies.
- **Provided expert services, intermediate services and technical assistance**
- Achieved results by the Regional Development Agency and Business Support Centre for SMEs – Plovdiv:
 - 47 unemployed people took part in the 'Basic course on entrepreneurship' training and representatives from small enterprises took part in 'Management of a small company' training;
 - 15% of unemployed people (which was the target who took part in the training) have started their own business and the companies were still functioning at the end of the project contract;
 - Developed training materials on types of companies under Bulgarian legislation, business planning, marketing, financial instruments, taxation and social securities, public relations, agriculture, court of arbitration;
 - Provided over 1000 consultancy, expert, technical assistance, intermediary and administrative services.

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3.5 Germany - Regional support for sector-specific development: Strategies and Action Plans in Baden Württemberg

By Pamela Meil

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.5.1 Presentation

Regions within countries often develop specialisations in specific sectors. Sector specialisation can be linked to natural resources in a given area, to the existence of particular infrastructures, and links between industries that have historically led to growth in particular areas, as well as State or regional promotion of particular activities. Once a region has a strong sectoral presence, it perpetuates itself through cooperation between research and industry, competency and skill development in particular occupations. Often such industrial districts, regional centres, or sector specific areas are characterised by an important number of small and medium-sized enterprises. The range of specialisations encompasses a variety of sectors from agriculture to high-tech services.

Although such sector-specific development promotes growth in the region, such regions are especially hard hit by restructuring of a central unit or industry in the area or by economic crisis. Regional authorities, together with trade unions and employers, can form agreements to both support companies affected by restructuring in specific sectors, and to develop regional strategies and action plans to weather a particular economic crisis caused by an economic downturn.

In this fiche, the case of various measures for accessing finance and development, further education for older employees, development of skills to increase employability, and helping to overcome the recent financial crisis in the region of Baden Württemberg in Germany will be described.

3.5.2 Implementation method

Trade unions initiate sector-based agreements in a tripartite way with government and company participation. The strategy is to help workers in sectors which are particularly hard hit by long-term restructuring due to outsourcing or relocation. Measures such as support for continuous training in companies, and special incentives for companies retaining older workers are agreed upon. Other measures include special social benefits for aged workers who have worked most of their life in a declining sector, or more generous unemployment benefits to bridge long periods of job hunting. The balance to strike is between maintaining employability through retraining, and thus enabling reorientation on the labour market, and protecting workers from being given insufficient interim support. The goal is to reach special sector based agreements with tripartite commitment.

An alternate or simultaneous strategy is for governments (regional governments) to promote employment through economic regeneration and incentive packages such as the creation of new activities in local areas, technological clustering and business creation in emerging sectors. Departing employers can also be called upon to contribute to support efforts for a region by making their premises available to new employers, offering consulting services, feasibility studies or financial assistance.

Regional policy can also address crises related to economic downturns. In this case the goal is to maintain companies and training places inside companies in a region – particularly in SMEs. Here efforts focus on easing public procurement and, special consultations for companies to give advice on what support is available during the crisis. Longer term measures involve promoting the educational and training infrastructure in the region to secure the provision of skilled labour.

3.5.3 Success factors

Having the regional government take an active role in coordinating efforts is an important success factor. Unions have to be willing to enter into innovative arrangements. The main actors are the regional governments, companies and social partners.

3.5.4 Drawbacks, limitations and typical costs

Without strong social partners or regulations in a country or region that support such activity, it is more difficult to reach binding agreements and negotiations are harder to carry out. Thus sectors and regions with lower levels of institutional employment regulation are at a disadvantage. The imposition of sanctions on companies not abiding by agreements or not willing to support them, or incentives for those that do, strengthen employees' protection against restructuring. Such actions are rare, however.

Public finance can bridge gaps in protection, but the long- term consequences of these interventions are unclear. Unskilled workers and older workers are definitely at a disadvantage in terms of reorientation towards emerging or new technology sectors when traditional sectors are on the decline.

3.5.5 Examples

Access to financing and development

The region of Baden-Württemberg in Southern Germany is export-oriented in innovative and technology-based products. Sector-specific promotional measures focus on the development of mechanical engineering and the automotive industry. SMEs dominate in supplying these sectors. In response to the economic crisis, SMEs that are particularly affected by the decrease of incoming orders, liquidity problems, increased interest rates, and late payments need access to financing. Therefore, Baden Württemberg provides subsidised loans (micro credits and support to access larger credits) through dialogues with banks and equity capital. Furthermore, permanent policy measures such as funding, advisory services or policy initiated research-cooperations focus on the internalisation, innovation and

restructuring of SMEs. In the case of potential insolvency, Baden Württemberg gives assistance to companies through advisory schemes.

Support of work-related further education for older employees

Employment scheme WEGEBAU: Employed people 45 years and older participating in further education receive support from the PES. The framework conditions for support are:

- the training has to occur outside of the company;
- the training has to be accredited and deliver skills transferable to other employment relationships in different companies.

MUMM Project: This project was carried out by Hansgrohe AG, a manufacturer of bathroom fittings based in the Black Forest region, in cooperation between management and the RKW Kompetenzzentrum. The goal was to improve the health and employability of older workers and to upgrade their skills. In addition to the introduction of comprehensive healthcare services, an extensive range of training opportunities were offered to older and low-skilled workers from the production area.

Development of employment and skilled labour

In the context of the ESF 2007-2013 for regional competitiveness and employment, the Ministry of Labour of Baden-Württemberg supports specialised training (from established public and private providers) in adapting skills and developing new skills, abilities and know-how in:

- new qualification requirements in engineering,
- management concepts,
- development of occupation-related competency.

In response to the current economic crisis Baden-Württemberg has especially promoted employment and lifelong learning to maintain competitiveness in the region. Specific training activities targeted at workers on short time work and support for employees over 50 years are part of the policy measures. With regard to maintaining and further developing the skills of employees in the region, actions focus on the training of low-skilled workers in the electrical and metal industries.

WAPII 'Training Within the Work Process' project (Weiterbildung im Prozess der Arbeit)

There are specific legal instruments in Germany to finance the further training of low-skilled workers (employment scheme WEGEBAU). In addition, beyond financial support, the WAPII 'Training Within the Work Process' project (Weiterbildung im Prozess der Arbeit) ran until August 2009. It was developed with the aim to carry out individual and process-oriented training measures (e.g. workshops combining theoretical lessons and practical working and learning) for low-skilled metal workers in six companies (with between 700 to 2 000 employees each) by AgenturQ (a cooperation between the association of the regional metal and electrical industry and IG Metall union), ITB, PH Heidelberg and the companies themselves. These measures were developed in a context of empirically determined requirements, analyses of the work flow and educational psychological criteria. The WAP project was overall geared towards:

- promoting individual development of knowledge and skills relating to the work process, work environments, quality and products;
- encouraging motivation and self-confidence of the participants;
- promoting the employability of low-skilled workers.

AQUARES Action Plan Qualification Requirements of Stuttgart (*Aktionsplan Qualifikationsbedarf Region Stuttgart*):

Under AQUARES support is provided to companies and its employees located in the region Stuttgart. These services are particularly intended for companies with low levels of experience in personnel development. Engineering and logistics are currently the focus of the projects e.g. the pilot project Qualification Requirements of Technicians and Engineers in Engineering, which provides a needs-based and systematic training in SMEs.

The following actions are generally included:

- information concerning vocational training in enterprises;
- development of specific measures and services to promote personnel development in cooperation with companies;
- concept development and monitoring during the in-company qualification processes.

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3.6 Canada - Angus Development Corporation, Montreal

By Jean Marc Fontan (UQUAM)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.6.1 Presentation

The Angus Development Corporation (ADC) is a non-profit organisation active in the social economy sector. It is managed by a board of directors made up of co-opted members representing the business world (eight representatives of large corporations), academia (Centre de recherche du CHUM), the social economy sector (Fondation CSN) and the community sector (Corporation de développement communautaire de Rosemont). The ADC is responsible for developing a portion of the former locomotive manufacturing and repair shops that belonged to Canadian Pacific (CP). Today, the social economy organisation is extending its community real estate management activities to an areas of the Quartier des Spectacles (festival district) in downtown Montreal.

The ADC's mission, which is inspired by the principles of community economic development, concerns the restoration of the industrial heritage of the old Angus shops site. The ADC is a civil society organisation that was founded to transform a former industrial site into the Technopôle Angus, a technology park open to businesses in the new economy (e.g. the occupational integration businesses²⁴ such as Insertech Angus and Project PART du Chef, a member of the integration enterprises' collective) and the social economy e.g. Fondation CSN). As defined in 1995, the goal was to create 2 000 jobs by the end of the reconversion work. The ADC currently possesses assets worth more than CAD 75 million (EUR 57 million). It has created almost 1 500 jobs and just over two-thirds of the land involved has been upgraded. By the end of the redevelopment process, which is expected to be in 2015, ADC will undoubtedly have exceeded its goal of creating 2000 jobs.

The ADC is a socially innovative organisation born of the work done by the Corporation de développement économique communautaire Rosemont-Petite-Patrie (Rosemont-Petite-Patrie community economic development corporation, or CDEC-RPP), which was created in 1990 to improve the quality of life and well-being of the population of Rosemont-Petite-Patrie borough. In working to reconvert part of the former Angus industrial site, the CDEC-RPP found itself with an excellent tool for creating local jobs. When it set up the ADC, the CDEC-RPP created an intervention mechanism that was able to mobilise the internal and external resources needed for the planned redevelopment.

²⁴ New economy refers to ICT related activities and occupational integration refers to businesses which integrate people that are on the fringe of society by providing them with a job. In France, such companies are called 'entreprise d'insertion par l'économie'.

In creating the Technopôle Angus the last remaining section of the oldest industrial zone in the Rosemont-Petite-Patrie borough was redeveloped. The Angus shops constitute a unique heritage site in the heart of Montreal. This land, which Canadian Pacific developed at the beginning of the 20th century, occupied more than 929 000 square metres and employed 7 000 workers in the late 1950s. Rolling stock for the railway industry was manufactured and repaired in the shops.

In January 1992, CP closed the Angus shops. However, this closure did not mean that all activity on the site was abandoned. CP planned to develop a residential and commercial project. To do so, it needed to obtain a 'zoning' change for the 464 500 square metres in question ('zoning' refers to the fact that cities are generally divided into zones that can be used for building houses, shops or malls i.e. commercial zone)s or plants i.e. industrial zones).

Many community leaders in Rosemont-Petite-Patrie perceived the closure of the shops as an interesting opportunity. They saw the possibility of launching a huge business development project that could offer local employment to the borough's population – about 125 000 people with a very wide range of skills, socio-economic conditions and education levels. The Angus Development Corporation was started up in 1995 to execute this redevelopment operation. The Technopôle Angus is to be an economic and social labouratory rooted in the reality of eastern Montreal and supported by the advantages this territory offers: proximity to downtown, speedy access to the major road systems, a longstanding industrial tradition, and excellent political representation by local representatives in the municipal administration.

The corporation offers flexible, adapted structuring services to businesses located on its site. It is involved in labour recruitment and training. It supports companies' efforts to obtain financing and their environmental management activities. It allows the development on its territory of a mixed economy, in other words one where private, social economy and public enterprises can all find a site that fosters their development and networking. In terms of flexibility and adaptation, services are custom-designed, based on entrepreneurs' needs. The ADC mediates the services offered by public agencies or by tertiary-sector companies dedicated to economic development. The offer of structuring services is primarily related to the capacity to design customised buildings to meet companies' needs. For example, the Technopôle Angus was the first industrial park to design a building especially to meet the needs of companies in the biotechnology sector.

To support its development, the ADC structured itself according to the limited partnership model.²⁵ For this purpose, it formed a partnership with the social economy venture capital firm Fondaction. In its role as limited partner, Fondaction launched a CAD 30 million investment fund (EUR 23 million) dedicated to the development of the Technopôle Angus called the Fonds immobilier Angus (FIA). The ADC is the general partner of the FIA.

²⁵ A limited partnership is made up of two classes of partners: general partners and limited partners. The general partners primarily provide their work, experience and skill. They are the only people authorised to administer and represent the company. As administrators, they have unlimited liability for the company's debts and obligations to its creditors. The capital contribution in the partnership comes from the limited partners: they provide money or property and are only liable for the company's debts to the extent of their investment (capital contribution). Internet: <http://www.gestiondesarts.com/index.php?id=1571> [our translation].

3.6.2 Implementation method

The development strategy enacted by the ADC is based on the following elements:

- a leader who is dedicated to the project and has a vision focusing on research and development, social innovation and widespread mobilisation of resources;
- a heritage site that resonates with local culture and was a symbol of Montreal's modern development in the mid 20th century;
- To start up the project, the leader ensured that it was supported by a youthful, competent team. He worked together with local organisations and made good use of old and new location factors (proximity to downtown, proximity to universities and research centres, quality of rental premises available, tax incentives; application of 'green' criteria, cultivation of companies in the knowledge-based economy and life sciences, mix of social economy, private- and public-sector enterprises) favouring business development.

3.6.3 Success factors

The various communities whose involvement is sought need to exist beforehand. The Quebec experience of social economy, with its powerful banking institutions and a network of organisations such as cooperatives and mutual associations was crucial here.

The main strength of the initiative is its capacity to mobilise political, business, union, community and social economy actors around a project based on the ongoing development of social innovation capacities. The leadership exercised by the corporation's chief executive officer has a large role to play here. This mobilisation draws in both local actors and stakeholders and those coming from outside the community.

A reflection of the project's credibility is that it received decisive backing from the Quebec and Canadian governments in the form of a CAD 10 million (EUR 7.5 million) loan.

In addition, throughout the development of the CDEC-RPP, ADC and Technopôle Angus collaborative projects with universities were important. These relationships were developed at several levels:

- with the technology research community;
- with the management research and education community;
- with the humanities research community.

These three groups of researchers played an important role in the ADC's development. Moreover, the social sciences research community was present from the outset and has never ceased supporting the ADC.

Labour projects with universities were important. These relationships were developed at several levels:

- with the technology research community;
- with the management research and education community;
- with the humanities research community.

These three groups of researchers played an important role in the ADC's development.

Moreover, the social sciences research community was present from the outset and has never ceased supporting the ADC.

3.6.4 Drawbacks limitations and typical costs

The main obstacles are described below:

Initially, traditional development actors were prejudiced against the idea that it was possible to redevelop the Angus shops. They had various reasons including the fact that the Angus site is located in an old economic zone close to downtown and the fact that the redevelop project was unconventional and depended on a community economic development strategy. The loan to the ADC of CAD 10 million (EUR 7.5 million) by two levels of government marks a turning point in overcoming the project's perceived lack of credibility.

Once these kinds of prejudices were overcome, the main difficulties were economic. They were related to the lack of support and understanding regarding the ADC's needs in pursuing the redevelop of the site, particularly the need for investment to construct each new building.

The total cost of the redevelopment of the Angus Shops site is estimated at CAD 250 million (EUR 189 million).

3.6.5 Examples

The ADC's projects are essentially real estate projects that require expertise related to canvassing and to providing ready-to-use green buildings for companies that wish to establish themselves on the site. The team is a small one—18 people—with a core of people responsible for ongoing project development. The area that it covers recently expanded to the whole territory of Montreal Island with the start-up of a second construction site in the Quartier des spectacles (corner of St Catherine and St-Laurent street). The ADC is currently restructuring its vision and its development mission to respond to the expansion of its area of intervention.

Is this kind of model transferable/translatable? There are two experimental projects in other countries that are quite similar to the initiative and revitalisation process taking place on the Angus site. One is the upgrading of a former charcoal-burning site in Charleroi, Belgium. This project gave rise to the Association du site d'économie sociale Monceau-Fontaines, which includes some 15 social economy enterprises and organisations. The other project relates to the revitalisation of a former refrigerated warehouse in Monterey, Uruguay. The El Cerro district technological and industrial park now houses about 55 companies, generating more than 600 jobs.

Although these experimental projects share a common culture with the Angus project, they are unique of their kind. They testify to the possibility of stimulating revitalisation projects with non-traditional modes of structuring socio-economic activities in places where development initiated by the private or public sectors has come to a halt.

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3.7 Bulgaria - Micro-Credit Guarantee Funds

By Regional Development Agency with Business Support Centre for SMEs

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.7.1 **Presentation**

The Ministry of Labour and Social Policy (MLSP), through the 'Labour Offices', consolidated the efforts of nine banks²⁶ to prepare, finance and realise the Micro-Credit Guarantee Fund project. The project is based upon Decree No. 213 of the Council of Ministers for financial support for promotion of entrepreneurship through guarantee schemes for micro-crediting.

The main goal of the project is job creation through facilitation of access to financial resources for entrepreneurs and small enterprises for new business development or business expansion. The applicant receives:

- quick and easy access to credit;
- monetary guarantee of the credit, provided by the Ministry of Labour and Social Policy (MLSP);
- preferential conditions – the lowest rates of interest in the country at between 6% and 8% for the whole period of the loan;
- long-term investment credits, facilitated for the applicant conditions for collateral;
- free of charge consultancy support provided by different programmes of MLSP and other partners.

The loan is up to BGN 50 000 (EUR 25 000). A 100% guarantee is available to new business start-ups and 70% to existing businesses. Two types of credits are available: either investment and mixed purpose loans for up to seven years with a grace period of up to 12 months or; working capital loans for up to 36 months with a grace period of up to six months. The interest rates offered vary between 7% and 10%. Where credit of up to EUR 12 500 is given, at least one permanent job should be created. For credits over EUR 12 500, at least two permanent places should be created and one within the first six months. Preference is given to investment and mixed purpose loans. Any newly purchased equipment is donated after the loan has been used.

3.7.2 **Implementation method**

The Micro-Credit Guarantee Fund was managed by Ministry of Labour and Social Policy with its local representatives. It provided access to credit resources for small and medium-sized enterprises, unemployed people, craftsmen, cooperatives and agricultural producers, who at present cannot meet the general requirements of the banks; Access to credits for start-ups new businesses; Subsidising of the interest rate for people with disabilities;

Target Groups: people who intend to start their own businesses; micro-enterprises according to the Bulgarian SME Law; cooperatives of up to ten employees; farmers;

²⁶ United Bulgarian Bank, Piraeus Bank Bulgaria, UniCredit Bank, Economic and Investment Bank, Central Cooperative Bank, Investment Bank, DSK Bank and Eurobank EFG Bulgaria

tobacco producers; craft workers; freelance workers.

General criteria for applying:

- candidates have to belong to one of the target groups and should have a solid business idea;
- candidates must submit an application form;
- candidates must be able to provide 100% collateral;
- all candidates must create new and permanent jobs.

3.7.3 Success factors

Results, regarding the restructuring process: Job creation through facilitation of access to financial resources for new business development or existing business expansion.

National Guarantee Fund (NGF)

During the last quarter of 2008, under the Bulgarian Development Bank law, activity under the project 'Micro-Credit Guarantee Fund' was transferred from the Ministry of Labour and Social Policy to the National Guarantee Fund, a single-owned joint stock company – a subsidiary company of the bank.

The National Guarantee Fund (NGF) is a subsidiary of the Bulgarian Development Bank (BDB). The guarantees issued by the Fund and by the BDB will support all micro, small and medium-sized enterprises registered in Bulgaria and meet the criteria of the Act as it applies to SMEs. In accordance with the law on credit institutions, the National Guarantee Fund registered as a financing institution with the Bulgarian National Bank on 22 October 2008.

The NGF guarantees up to 50% of loans to SMEs in accordance with the following tables:

Guarantees on Investment loans for SMEs	SME	Guarantee coverage	Guaranteed amount	Period	Own participation in the project	Annual fees
	Existing (activity over 1 year)	Up to 50%	Up to 500 000 BGN	Up to 120 months	According to the banks' requirements	Decreasing (from 1% up to 0, 5%)
	Start-ups (activity up to 1 year)	Up to 50%	Up to 250 000 BGN	Up to 120 months	According to the banks' requirements	Decreasing (from 1, 5% up to 0, 75%)

Guarantees on Working capital loans for SMEs	SME	Guarantee coverage	Guaranteed amount	Period	Own participation in the project	Annual fees
	Existing (activity over 1 year)	Up to 50%	Up to 250 000 BGN	Up to 24 months	No requirement	0,75%
	Start-ups (activity up to 1 year)	Up to 50%	Up to 250 000 BGN	Up to 24 months	No requirement	1,5%

1 Euro = 1, 95583 BGN

In the event of a portfolio guarantee, the counterpart banks will monitor compliance with the ceiling indicated above; a requirement which will be included in the contract. There are no limits for a maximum amount of the loan portfolio per counterpart bank, according to State aid rules.

The NGF also aims to create the potential to increase profit of the counterpart banks, minimising the risk assumed by them and making the overall process of cooperation more clear and precise, in accordance with predefined rules.

In order to achieve this objective, the following must be adhered to:

- continue joint analyses and identification of market omissions detected by the banks and the NGF;
- search for attractive market niches which have a higher risk and a need for diversification;
- optimise the products of the NGF taking into consideration the interests of the counterpart banks;
- coordinate the fees of the NGF with the banks' fees in a way that makes guarantees attractive both for SMEs and for counterpart banks;
- develop clear and precise rules regarding the products of the NGF for clients of the counterpart banks;
- develop a strictly regulated procedure for guarantee approval which is convenient for the counterpart banks;
- regular exchange of information between the NGF and the counterpart banks for the demand and condition of SMEs looking for guarantees.

Overcoming 'weaknesses' of SMEs through the guarantees

- limited business history or lack of a business history - newly created business

have difficulties applying for a loan in a bank, due to their lack of credit history i.e. they cannot provide a balance sheet, profit and loss accounts etc. for the previous years. Some banks insist upon evidence of credit history more than one year – many programmes want at least three years so the financial institutions in most cases will not allow the requested loan/credit. Supported by the micro-credit guarantee fund, developing a business plan, they are able to overcome the unwillingness of the financial institutions.

- the project envisages the built or acquired assets will serve as a collateral in future;
- the standards criteria for evaluation of the creditability used by the banks cannot always assess the future potential of the innovative and high technological projects implemented. This weakness the banks usually compensate by additional requirements on collateral;
- under the present conditions of strict credit discipline for working capital and export financing the banks require a high degree of collateral which forces the companies to 'freeze' some of their assets.

Improvements which the banks foresee for SMEs under the guarantees

- accelerated procedure for examining the credit application;
- using the Fund guarantees, 'bridge collateral' and access to credit for SMEs, which have not yet developed their technological basis;
- more favourable rates of interest on guaranteed credits;
- giving priority to projects with financial contracts under European or national programmes, as well for export-oriented enterprises;
- access to bank resources for start-ups and companies with specific projects beyond the standards formal criteria for allowing of credits to SMEs.

Products of the NGF:

- guarantees or investment loans and working capital loans for start-up and existing SMEs;
- guarantees or loans for joint financing of projects of SMEs approved for financing from the EU structural funds;
- guarantees for working capital for export of goods manufactured in Bulgaria by micro, small and medium-sized enterprises;
- guarantees for loans for innovation activities under projects of micro, small and medium-sized enterprises;
- in case of need i.e. export/obtain commercial credit – export guarantees; tender guarantee; performance guarantee; advance payment guarantee; credit security guarantee.

As part of these guarantees, the NGF and BDB can also guarantee loan portfolios of commercial banks in the country, including receivables from SMEs under loan agreements with objectives determined in bilateral agreements with the commercial banks.

3.7.4 Drawbacks, limitations and typical costs

The programmes of the Micro-Credit Guarantee Fund have two directions:

1. start-up businesses – these are without a credit history yet they have bona fide collateral i.e. real estate in a district centre, having developed a business plan and innovative activity. Their problem is the lack of preliminary training with the

framework of the Fund for future entrepreneurs in the field of planning, management, marketing, human resources.

2. companies with credit history but without enough collateral for the credit - the credits are for working capital and for investments in accordance with the structure and the needs of the company. As above, the activities of the company and the credits under the Guarantee Fund are mainly directed to export-oriented companies, which are approved for financial support under the structural programmes of the EC for the creation of new working jobs, for innovative activities.

Sometimes the entrepreneurs using the Fund, in order to diversify their markets and invest in foreign markets, do not have either the necessary preliminary information about the new markets, or sufficient knowledge to operate at an international level. The lack of such training and insufficient usage of specialised consultancy support impacts upon achieving optimum results.

The specific financial parameters of the credits under this scheme are sometimes too hard and difficult to be achieved by present and future entrepreneurs, i.e. applicants must provide 100% collateral; all candidates have to create new permanent jobs. The collateral is provided as follows: personal guarantee 39.95%; mortgage 38.14%; pledge 12.39%; promissory note 9.62%.

Applicants type of business: existing business 35.48%; start-up business 64.52%.

3.7.5 Examples

The Regional Aspects:

The Regional Development Agency with Business Support Centre for SMEs – Plovdiv, representative of Plovdiv Region, Bulgaria, member of the EURANEC Network works for the regional development and supports SMEs, including access to financial resources. The Agency works closely with NGF on regional and local levels.

Achieved results:

During the period 2002 to 2008, the number of approved credits under the 'Micro-Credit Guarantee Fund' for the country was 10 301, including the 870 approved credits for Plovdiv Region, 611 for Smolyan district and 250 for Pazhardjik district (these districts are part of the South Central Planning Region in Bulgaria and the centre is the city of Plovdiv). In 2008, 613 people in the Plovdiv Region were consulted and 588 of these were consulted for the 'Micro-credit Guarantee Fund' about receiving credits; 256 applications were completed, with 223 approved credits totalling BGN 5.3 million and 435 new jobs were created.

Plovdiv Municipal Guarantee Fund

Agreements were signed by the Regional Development Agency with Business Support Centre for SMEs -Plovdiv and with local branches of several banks (First Investment Bank, Post Bank).

On 21 September 2006, an agreement was signed between the Plovdiv Municipal Guarantee Fund and the Regional Development Agency with Business Support Centre for SMEs – Plovdiv for cooperation in achievement of the goals and activities of the fund.

The objectives of the fund are:

- to guarantee part of the credit risk for credits to small and medium-sized enterprises (up to 50%, for the amount of credits up to 100 000 BGN, allowed by commercial banks with which the Fund has signed agreements to SMEs registered or working on the territory of Plovdiv Municipality);
- to develop schemes to guarantee credits allowed to SMEs with the cooperation with the RDA with BSC for SMEs; these schemes should determine the size and the validity of the guarantees dependent upon the purposes of the credit and the project of the applying company;
- to sign contracts with commercial banks undertaking special programmes for SMEs; these agreements envisage guarantee schemes between the banks and the Fund and enable credit and the guarantee as part of the credit by the Fund;
- to examining the projects of companies seeking credits and ensuring consistency in allowing and disallowing guarantees by special banks credits.
- to develop concrete opportunities within the Fund in relation to the Government's National strategy to promote the development of SMEs;
- annual analysis of the state of the small and medium-sized business within the Plovdiv municipality under the priorities of the Fund.

The fields of priority of the Plovdiv Municipal Guarantee Fund are cited below:

- development of business in the remote parts of Plovdiv municipality;
- tourism – family hotels and restaurants;
- transport and transport services to people;
- services of doctors, dentists, rehabilitation and psycho-therapists;
- leisure services for sport, culture and youth activities;
- export-orientated productions;
- production of ecologically clean products;
- high technologies and information services;
- transfer/translation of knowledge and training;
- development of businesses connected with restoring traditional crafts and craft workshops;
- Beneficiaries of programmes financed by European funds.

The Regional Development Agency with BSC for SMEs supports regional development, the municipalities, companies and unemployed people to use the three tools cited (Micro-Credit Guarantee Fund, National Guarantee Fund and Plovdiv Municipal Guarantee Fund) in order to foster the economic development, to create new jobs and decrease the unemployment rate.

3.7.6 Bibliography:

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3.8 Hungary - Development of premises

By Észak-Alföld Regional Development Agency

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

3.8.1 Presentation

Aim of the grant

The aim of the grant is to improve the business sphere of enterprises and, indirectly to bolster employment in the region by developing the operational infrastructure of micro, small and medium enterprises (SMEs). The grant aims encourage the modernisation and enlargement of SMEs' premises. In addition it facilitates relocation within the region where premises are unsuitable and increases the premises' potential to retain and enhance the competitiveness of SMEs through supporting and improving employment. The indirect aim of the grant is to enhance SME activity and increase their capital. Furthermore the investment to develop the premises contributes to the retention of workers and to an increase in the region's employment rate. Enterprises which are keen to improve their manufacturing and/or servicing activities, address the aims of the grant by establishing and developing their existing or new premises.

Funds available: HUF 2.18 billion (EUR 8.1 million) total available funding.

Possible recipients

According to the 800/2008/EK regulation micro, small and medium-sized enterprises can bid for the grant, where the annual average statistical number of employees was at least one at the end of the last complete business year (2008).

Eligible activities

Sustained and substitute investments are not eligible. Eligible activities are those which can be supported independently as follows:

- Establishing and/or building new buildings and investing in structural engineering connected to manufacturing and servicing activities;
- Restructuring and enlargement of existing buildings, and investing in structural engineering connected to manufacturing and servicing activities;
- Establishing, modernising, or enlargement of the basic infrastructure on an area of own property or rental is possible only if the development is needed due to an obligation of the authorities, and without it the operating licence would be suspended.

Funding rate: 50%

Amount of funding: A minimum of HUF 10 million (EUR 37 000) and a maximum of HUF 100 million (EUR 370 000) is available per case; in the under-developed micro-regions the maximum amount can be HUF 150 million (EUR 555 5000).

District	Application forms submitted	Loan applications				
		approved by the banks and MLSP			waiting for approval	
	#	#	# of new jobs	loans amount	#	# of new jobs
<i>Blagoevgrad</i>	772	675	1,098	12,436,518 BGN	3	5
<i>Burgas</i>	346	237	465	3,436,040 BGN	2	6
<i>Varna</i>	413	319	541	4,424,341 BGN	1	1
<i>Veliko Turnovo</i>	672	527	961	7,540,137 BGN	1	1
<i>Vidin</i>	252	161	283	1,974,200 BGN	0	0
<i>Vratza</i>	414	218	439	3,556,900 BGN	1	2
<i>Gabrovo</i>	303	183	355	2,425,377 BGN	0	0
<i>Dobrich</i>	230	221	411	2,978,430 BGN	1	1
<i>Kardjali</i>	159	204	303	2,994,600 BGN	0	0
<i>Kyustendil</i>	314	232	369	3,335,647 BGN	0	0
<i>Lovetch</i>	367	393	603	5,163,000 BGN	4	6
<i>Montana</i>	1,077	478	799	5,681,700 BGN	1	1
<i>Pazardjik</i>	209	227	424	2,833,460 BGN	0	0
<i>Pernik</i>	109	94	169	1,481,600 BGN	1	1
<i>Pleven</i>	748	324	610	4,058,900 BGN	0	0
<i>Plovdiv</i>	895	693	1,391	11,582,952 BGN	4	21
<i>Razgrad</i>	555	298	449	2,755,800 BGN	1	1
<i>Russe</i>	381	302	545	3,953,710 BGN	0	0
<i>Silistra</i>	185	218	396	2,718,380 BGN	1	1
<i>Sliven</i>	616	529	790	6,389,650 BGN	0	0
<i>Smolian</i>	419	227	424	3,339,100 BGN	0	0
<i>Sofia(district)</i>	40	176	327	2,675,700 BGN	0	0
<i>Sofia (city)</i>	157	667	1,485	12,584,623 BGN	2	8
<i>Stara Zagora</i>	138	299	501	4,335,950 BGN	1	3
<i>Targovishte</i>	278	228	389	2,665,810 BGN	0	0
<i>Haskovo</i>	538	298	624	4,732,300 BGN	3	5
<i>Shumen</i>	178	145	347	2,022,570 BGN	0	0
<i>Yambol</i>	472	348	531	4,048,062 BGN	3	3

The tender call in the Észak-Alföld region contributes to encouraging and retaining workplaces in the region.

3.8.2 Implementation method

One of the reasons of establishing this initiative was the fact that there have not been any applications to develop business premises from EU resources in the region; there was a gap in eligible activities as there were no EU funds available for SMEs to develop business sites. The first call for proposal for development of premises was launched in 2008; the ÉAOP- 2009 - 1.1.1. /D is the continuation of that call.

Workplace retaining activities were originally planned in the call, but after the economic crisis there were several changes and amendments were made i.e. an undertaking to retain the workers at the enterprise was originally obligatory but the average annual statistical number of employees must be counted from 1 April 2008 to 31 March 2009 period rather than from 1 January 2008 to 31 December 2008 period.

There has not been any precedent for advance funding from the Regional Operational Programme in the region until now; 15 days after signing the subsidy contract – and if the beneficiary has the guarantee – 40% of the grant must be transferred. This is automatic; the beneficiary does not have to apply for it, (s)he only has to notify administrators if the money is no longer required.

The first call for projects closed in Summer 2009 and a total of 140 applications were received. The complete subsidy claim of these applications was HUF 6 billion (over EUR 22 million). The subsidy claim of the eligible applications is more than HUF 4 billion

(almost EUR 15 million). The first decision is likely to be in November 2010 and the first contracts will be signed in February 2011. As there were a lot of strong applications and project ideas, the managing authority is considering a second call in 2011 after the reallocation of the resources of the regional operational programme.

3.8.3 Success factors

The factors for success are innovation and new technologies in production. Companies that are willing to increase production, introduce new technologies or develop existing systems have a greater chance of success in applying for different grants. The present call does not support technology development yet more space for companies would provide an increased capacity for new machines and employees.

Since innovation strategies are more typical, increasingly more organisations try to further improve their innovative performance by intensifying and launching industry networks and partnership collaborations. Therefore, cooperation and partnership is also very important to ensure a proper innovation strategy.

Another key factor of success is the sustainable growth of annual income; SMEs must be confident about their growth and stipulate the figures in their cash flows which reflect stability and sustainability.

The prerequisite for implementing the tool is:

Institutional background:

- qualified human resources in finance and project management;
- flexible management with strong problem-solving abilities;
- municipal cooperation in favour of effective administration (permissions, procedures) and mitigation of citizen opposition;
- local assistance in terms of tenders and procedures (micro-regional coordination network);
- a stable, legal environment.

Project owners:

- availability of own contribution;
- security of continuous production and operation;
- flexible suppliers to ensure conformity of accounting;
- understanding of employees in terms of objectives and new directions of tenders;
- ability to decide (in the case of a foreign owner) authorisation for the signatory;
- projects which can be implemented, sustainable and with real objectives to avoid false and unrealistic indicators.

3.8.4 Drawbacks, limitations and typical costs

- SMEs dealing with agricultural product manufacturing and processing from the food industry are not eligible to apply. In the predominantly agricultural Észak-Alföld region this is therefore a drawback. However, the reason for this exclusion is that in the new development plan for Hungary there is a similar initiative, aimed at micro enterprises; therefore SMEs from the above mentioned industries unfortunately can not compete for this type of grant.
- The location of the implementation is limited; only developments implemented in

economic zones are eligible. Although SMEs operate in areas outside the economic zones – i.e. in the suburbs, or in residential areas or mixed zones – only the site developments in designated economic zones can be supported; premises not located within the economic zones can not be supported.

- SMEs connected with commercial activities are not eligible; the only exceptions are those activities aimed at selling exclusively their own products. For example, a cafe that bakes its own pies and cakes to sell is ineligible as such a venue would also sell branded items e.g. such a café/cake shop would also sell branded drinks such as Coca-Cola – a product which is not their own.

3.8.5 Example

As decisions about the applications of the first call are ongoing, concrete data is not available but some pointers for a strong, winning submission are as follows:

The applicant deals with metal machining and milling. It disposes of modern technology for CNC turning that claims precision work. The company is a supplier of an agricultural machine factory and employs 45 people. It rents its premises and wants to buy these before the investment (it is not eligible from the grant). In the application the enterprise would like to enlarge and modernise its premises because it is not currently spacious enough and the high technology demands a special working environment (e.g. smooth and square flooring). The structural engineering needs to be modernised and the windows and doors need replacing. In the enlarged building, social rooms and offices would be built and a courtroom would be renovated that could be used for employee training.

As 20% of total costs can be spent on equipment the company can also buy some high-technology metal machinery.

As a result of the improvements to the premises, the metal machining and milling company would be able to employ more than ten additional people in the larger premises.

3.8.6 Bibliography

4. Developing anticipative common understanding of economic trends

This set of tools is aimed at allowing an 'as-early-as-possible' shared understanding of approaching change. By nature, these tools are to be implemented before restructuring occurs in a permanent action context and this immediately highlights the main difficulties to be overcome: information dissymmetry and culture of secrecy. These tools are to fulfil two main sub-functions:

1. **Detecting risks and opportunities and understanding the consequences they may entail.** No anticipative industrial or employment policy is possible without an alert system leading actors to react and no pertinent action can be foreseen before an assessment has been undertaken of what is really at stake.
2. **Adopting measures to contain risks and preserve opportunities.** Anticipative understanding is not only awareness, it is also action. Actions ought to prevent risks where possible, but they must always establish devices and resources ready to use when change becomes a tangible reality.

If, from a macro-economic point of view, anticipative approaches are a matter of industrial and employment policies, from an 'on-the-ground approach' it mainly involves gathering people and involving them in networks of relationships ready to quickly use devices and resources which they shape together according to their understanding of the situation. Thus the existence of **collective actors** in a situation prepared for the quick use of these devices and resources when change occurs is required.

Because they suppose a collective investment, the tools described in the following fiches will not emerge spontaneously: they all are the result of a public policy decision, at a national or a local level. All but one is initiated by public authorities: a national government, a regional government or council, a ministry and all are financed through public funds. At the same time, their efficient use will often rely upon the huge involvement of at least one actor at local level.

They are all also focused upon local problems relating to employment issues, although their scope and aims are specific. However the levers they use to gather actors are different. Some are structured around local authorities trying to attract and involve a variety of actors and this is mainly the case in the French examples and they all mention that it is difficult to involve the main private and public leaders. Some are structured around employers' interests as in the case of the Flemish example, which presents a device associating cost savings, through discussions with the trade unions, to regional subsidies. It is also the case of the UK example, which presents a device led by employers themselves (but this means that employers must be interested). In between, the German and Danish fiches present a more cooperative path, although harsher towards enterprises, through workers' representatives (trade unions) pressures. It supposes that they are committed and informed enough and are in a position to bring pressure upon employers.

It certainly is difficult to assess the efficiency of these tools but what can be suggested is that anticipation of economic trends is somehow crucial for local authorities, to assess the implications for employment. In all cases, public resources are necessary to launch an initiative, both in terms of financial and human resources.

All devices try to involve a diversity of actors amongst which employers are essential but also the most difficult to reach. Their implementation can rest on political influence or on the degree of control they have over the device and also on the bargaining culture of the actors and the pressure to which they are submitted.

4.1 Italy - VAL.i Project

By Concetto Maugeri Piedmont region (Italy)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

4.1.1 Presentation

The VAL.i project, financed by IC-EQUAL, was elaborated as a service for the prevention of a business crisis inside a company, to become the VAL.i service. The service has been developed from a partnership formed by an employer's association, trade unions, businesses, a university, local government and the employment office. The initiative was developed in response to the problems and needs expressed by SMEs to effectively address change.

As part of the project, a new professional profile has been developed and tested; the 'expert in complex organisational diagnosis'. The development of new professional competences within the employment services is necessary; in light of the analysis of problems detected, acquiring new expertise and new methods of intervention became more and more important to both public and private employment services and for consultancies and advisors i.e. employers' associations, consultancy companies, individual consultants. The new professional profile holds new skills and uses innovative intervention methods.

The experiment has demonstrated the usefulness both of the profile and as a mode of operation; the initiative has been identified as good practice by the Italian Ministry of Welfare and by the European Union.

VAL.i supports companies to face the crisis in a preventative way and to improve the adaptation of the human resources to the continuous changes of the labour market; and to reduce the number of workers who lose their job. The characteristics of VAL.i are:

- multi-lateral collaboration and management;
- expert diagnostic team (EDOC);
- supervision;
- working team;
- to find and address challenges within the company.

The expert in organisational diagnosis (EDOC) are firstly referred the case to diagnose (case management) and to offer a strategy for finding and addressing the problems facing the company. EDOC has strong competency in networking and network analysis. The team of experts is formed by people with specific skills in counselling, administration, management, restructuring, human resources, relationship and negotiation of conflict. Each expert has one of these skills, the team has all skills. EDOC

uses different tools: a) questionnaires; b) observation on the field; c) focus group; d) database; e) logical framework and project cycle management (PCM) tools.

VAL.i services are developed by companies, workers and their representative organisations. The notable feature of VAL.i is that the service provided pre crisis and before lay-off problems emerge. During the phase of lay-off VAL.i is included in the usual institutional and trade-union procedures.

4.1.2 Implementation method

Participation in the project has been voluntary; companies and workers want to experiment a new model and a new approach to prevent and fight the crisis within their particular business.

Those responsible for VAL.i and its implementation are as follows:

- VAL.i services - located inside employers' associations or inside public employment offices (*Centri per l'Impiego delle Province*);
- employees - together with the expert of VAL.i develop the plan of activity;
- employers' association - support and inform their member companies about the possibilities and procedures and are part of the multi-lateral coordinating process
- companies - work with VAL.i's expert to develop the plan of activity, and identify the challenges;
- trade unions - inform the workers about opportunities and are part of the multi-lateral coordinating process;
- employment office - manages public VAL.i services;
- local and regional government - provide financial contribution for VAL.i and is part of the multi-lateral coordinating process.

The multi-lateral coordination process must ensure that:

- the plan of intervention by VAL.i has been concerted between the company and workers;
- there is social dialogue between the trade union, employer's association and local government;
- there is involvement of companies showing early signs of crisis.

The specificity of VAL.i requires participation within the first instance: the service acts in anticipation of preventing the crisis and to supply tools to assist the company and its workers to anticipate the change in order deal with it effectively. To The VAL.i experts (EDOC) are entrusted to carry out the diagnosis of every case, and to guarantee the realisation of improvement plans. Such plans can preview involve a net of experts and/or publics and private services in the region.

Moreover they act as advisors guaranteeing support to the company's HR team, providing an analysis of the business climate, risks and solutions. The method used by the experts is based on identifying the real problem within the company for both employer and workforce. VAL.i services are based upon specific diagnostics where the expert and employers work to address all the challenges resolve the crisis. To identify the problems the process requires an open-door policy which requires immersion in the company and the direct involvement of the employer.

The involvement of workers and employers in developing the plan of action is very important, from an early stage in the process as it forms the base of the PCM: identifying

the problem with the direct involvement of the final beneficiary. In the experiment realised as part of VAL.i, the EDOC initially apply PCM tools and methodology to aid with data collection to characterise the problems within the company and the workforce. They are then involved in a second phase to deliver training about PCM methodology.

Structure of the process

Step 1: Involvement of the company pre-crisis - the VAL.i Service identifies companies showing the first signs of crisis through the multi-lateral table, part of the multi-lateral coordinating process;

Step 2: Data collection - the Secretariat's service collects information about the companies in the multi-lateral table, which companies contribute to voluntarily. An appointment is then made with the appropriate EDOC expert.

Step 3: Diagnostic phase - Depending upon the information supplied from the multi-lateral table, one or more experts will meet the entrepreneur in order to maximise the information available. The experts, in collaboration with the company will identify the difficulties and challenges facing the company. A strategy to address these problems will then be developed.

Step 4: Intervention - based upon the plan of action to be implemented, the workers and the expert may become involved in providing information on professional competences, corporate structure, strategic competences, adaptability of the workers, human resources details and relations.

Step 5: Follow up - after the intervention, the EDOC monitor and support the realisation of the improvement plan. This may include up to three visits subsequent visits to the company.

4.1.3 Success factors

The key success factors and prerequisites for the VAL.i Service to be effective are as follows:

- prevention of the crisis: the intervention of VAL.i Service is before the crisis;
- multi-lateral and networking approach - many relevant experts and representatives are involved and consulted i.e. employers' associations, trade unions and local and regional government;
- a strong focus on the problems and negotiation: the EDOC are experts in diagnosis of problems.

Under the EQUAL project, Val.i was trialled for a 24-month period in the Piedmont region (Alessandria, Vercelli, Asti). The trial involved employers' associations, trade unions and local government. The number of companies involved in the project was 208 and 11 companies were referred to the VAL.i Service. A total of 1,192 workers were involved.

4.1.4 Drawbacks, limitations and typical costs

The drawback with the initiative is the lack of funding as financial resources have been diverted to fight the effects of the global economic crisis.

The EDOC can dedicate from 80 hours to 120 hours to each company. The service comes to an end once a solution or one of the predefined services has been delivered. The cost

of each intervention is approximately EUR 4 000,00 to EUR 8 000,00.

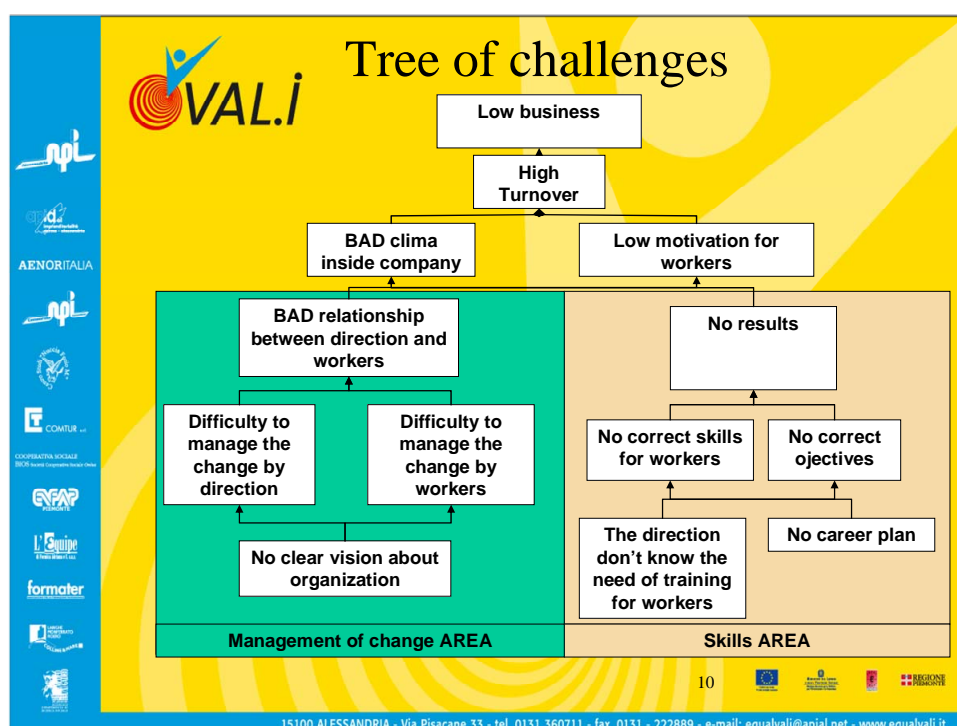
The project was financed from ESF through IC- EQUAL.

4.1.5 Examples

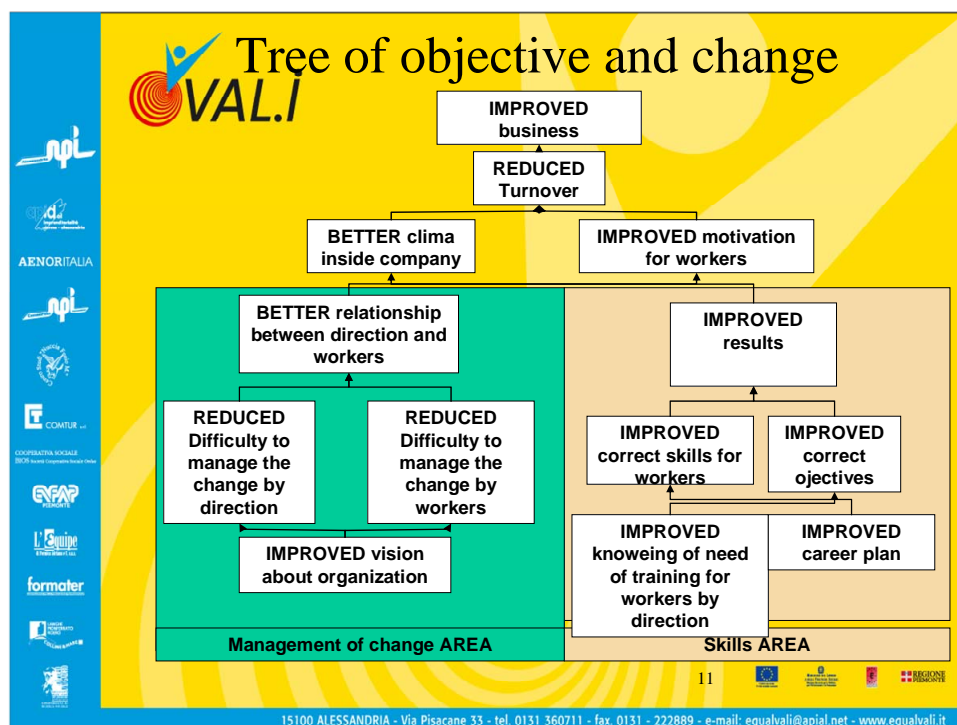
Case Study – Service Company

The first case study is about a service company. The methodology developed and used in VAL.i Services was based on PCM. Following diagnosis the EDOC developed a Tree of Challenges and Tree of Objectives and Change, both shown below. These are very important tools to plan change inside company. It is an efficient way to explain the company's direction, situation and plan.

Tree of Challenges



Tree of Objectives and Change



4.1.6 Bibliography

The bibliography is presented in English and in the national language and useful internet links have been supplied.

The VAL.i model is inserted in the catalogue of good practices of FSE - Internet: <http://www.buonepratichefse.it>).

The EQUAL project undertaken in the Piedmont region is described in more detail at: Internet: <http://extranet.regione.piemonte.it/fp-lavoro/centrorisorse/catalogo/index.htm>.

Each project is described with a description of services developed; description of professional profiles; descriptions of tools used by operator. The information and material is very important for the mainstreaming experiences.

The Piedmont region used the PCM methodology to manage the IC-EQUAL project; see C.M., 'L'utilizzo del PCM nella Regione Piemonte' (The use of PCM in the Piedmont Region), pp.67-71, in AA.VV., 'Buona governance e project cycle management nel FSE 2007-2013' (Good governance and project cycle management in the ESF 2007-2013), pp.176, ISFOL editore, Roma, 2008.

At the end of the project the development partnership produced a final report including the description of the methodology, tools, experiences, and results about the VAL.i project. The final report was published by Franco Angeli Editore in a book format and CD – ROM.

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4.2 Germany - Future Initiatives in the Textile and Clothing (ZITEX) and Furniture Sector (ZIMIT) in North Rhine-Westphalia

By Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

4.2.1 Presentation

Exemplary initiatives of joint social partner initiatives in the German Federal State of North-Rhine Westphalia focuses on two manufacturing sectors which are both facing increasing international competition; the sectors are 'ZIMIT' (*Future Initiative Furniture*) and 'ZITEX' (*Future Initiative Textile*). Both aim at improving the capacity of regional enterprises in these two sectors by supporting innovations in products, processes and organisation, exchange of good practice in fields such as further qualifications and management capacities and also supporting the internationalisation of enterprises involved in the initiatives. Both sectoral initiatives are joint initiatives by the German metal workers trade union *IG Metall* and the main sectoral employers' associations, supported by the regional government and specialist sectoral research institutions.

Both sector initiatives illustrate the important role of social dialogue and cooperation between public authorities, professional organisations and social partners in developing innovative solutions in SMEs. Practical experience shows that growing competition and macro-economic and social change can be addressed more effectively through stronger cooperation and a more pro-active approach by public authorities and other key players e.g. the financial system.

Since both sector initiatives are follow these broad objectives and function on a similar basis, both are presented together here. However, since ZIMIT in its original organisational structure ended in 2007, the following presentation will mainly focus on the ZITEX initiative.

ZIMIT - Future Initiative Furniture

The 'ZIMIT - Future Initiative furniture industry North-Rhine Westphalia' has been the most important platform for modernisation and innovation in the furniture cluster of the federal State of North-Rhine Westphalia (NRW). The initiative was established in 2001 by the sectoral social partners and the regional government in order to strengthen the regional industry. In late 2007 ZIMIT was transformed into an independent organisation with the key actors involved still playing a major role in the sectoral development, transfer of innovation and strategic development and support.

ZITEX - The NRW Clothing and Fashion Network

The North Rhine-Westphalian clothing and fashion industry is an important industry sector for the region: more than 12 000 people work in this industry in NRW directly and if its relevance is extended to the cluster or field of competence, it provides employment for no fewer than 43 000 people in the region. A survey carried out for the North Rhine-

Westphalian clothing industry at the request of the Ministry for Economic Affairs in April 2005 revealed that the industry has made good progress in coping with the effects of structural change and globalisation. However, it also showed that there are considerable shortcomings in the NRW clothing industry which may impair its future efficiency and competitiveness, thereby putting both companies and jobs at risk. For example, the sector is not adequately networked with the retail trade and the textiles industry, the logistics sector, the scientific community and the political and administrative systems. The stakeholders in the cluster are extremely heterogeneous, which means that coordinated action is seldom possible.

Against this, the sector is facing the following challenges in particular:

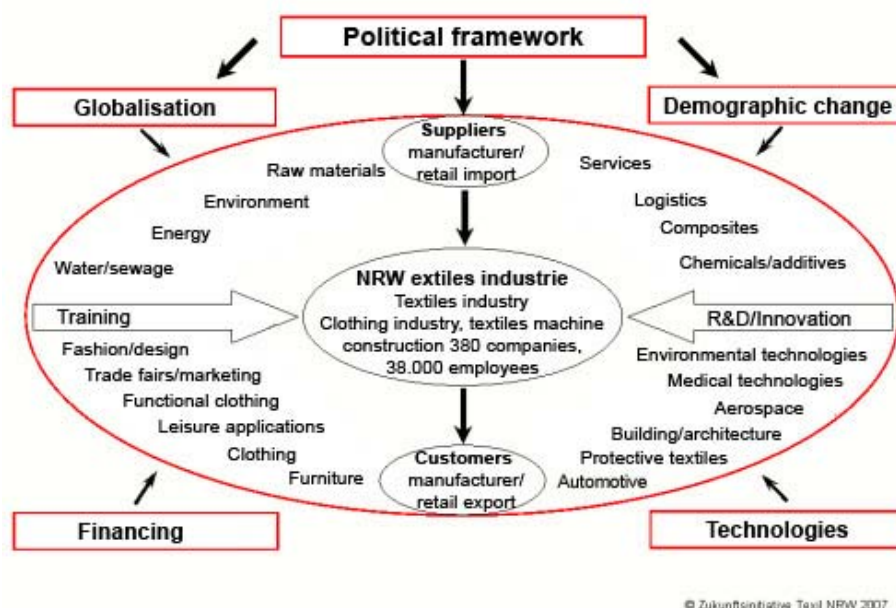
- greater innovativeness in the fields of design and product development is necessary to bring the sector up to international standard;
- the companies' international marketing strategies and production conditions require improvement;
- specialist training and university courses are not geared to the industry's actual requirements;
- far more systematic practical training of employees and management is necessary. At the same time existing difficulties in the recruitment of qualified personnel as a result of the industry's image problem has to be solved;
- the horizontal and vertical transfer/translation of knowledge must be made considerably more efficient;
- pioneering business models have to be promoted and developed.

On the basis of several discussions involving representatives of the industry and the Government, the above-mentioned survey of the situation in the clothing industry and many meetings with companies, associations and politicians, the ZITEX initiative has been developed to address these challenges.

ZITEX – '*Zukunftsinitiative Textil NRW*' has been an independent, non-government funded association for the textiles and clothing industry in North Rhine-Westphalia since May 2004. It was formed from the (partially) government-sponsored initiative of the same name, which was founded in 1996. As a core instrument for the textile and clothing sector based in a federal state, ZITEX has quite a unique status in Germany; it is co-sponsored by employers' associations and the trade union jointly. This co-sponsorship arrangement has advantages which would not exist in a structure sponsored by only one of the social partners:

- perception of ZITEX as a 'neutral' representative of the entire sector (employers and employees) as a result of its political administrative system and the opportunities for cooperation that this enables;
- pooling the specific interests of the employers' associations and trade union enables the efficient implementation of broad-based projects.

In this context, the ZITEX sponsorship structure and operational relationships with upstream and downstream sectors is aiming at promoting cluster formation in North Rhine-Westphalia as the following figure illustrates:



Objectives

ZITEX provides services to the textiles and clothing industry which improve the medium and long-term prospects of the companies and research bodies in the industry. This strategy of improving general framework, efficiency and competitiveness of companies, employees and research institutions is based on a combination of the principles of focusing resources, consolidating strengths, and active implementation.

The following factors are taken into account when defining ZITEX's operational objectives:

- Which services led to success in the past?
- Which services are required by companies, employees and research institutions?
- Which services are not provided by other organisations or textile industry associations?
- Which new services should be introduced?

Against these major operational objectives of ZITEX are the pooling of stakeholders and people with an interest in the industry and pooling of stakeholders and people with an interest in upstream and downstream industries. Furthermore, the initiative tries to improve political support for the interests of the industry (structural support from the Government of NRW and from specific central government departments and European Union bodies) and to improve the performance and competitiveness of enterprises and research institutions working in the fields of innovation, training, resources (energy, water) and sector image. These objectives also define the content structure of services (see below).

ZITEX's key target groups are politicians, civil servants, employers and employees in the textile and clothing industry, research and training institutions for the textile and clothing industry, regional public industries and related industries (upstream and downstream), e.g. chemical and engineering industries, retail trade.

4.2.2 Implementation method

Since 2006, ZITEX has concentrated upon three main fields of activities:

1. *Political management and support for the industry*

- regular contact with the political and administrative systems;
- issue-specific interest pooling in the textile and clothing industry and in upstream and downstream industries (e.g. energy, innovation, reduction of bureaucracy);
- close cooperation with the political and administrative systems on current affairs and concerns;
- improvement of the industry's position in the EU by creating networks and cultivating contacts in fields of current interest (e.g. innovation, environmental policy), and implementation of an annual ZITEX business lunch in Brussels for the presentation of innovations and discussion of political issues;
- initiation of an NRW cluster called European Centre of Textile Innovation.

2. *Support for companies*

- provision of support to innovative enterprises in connection with project design, application submission and information communication for state government, central government and EU-assistance programmes.
- initiation of programmes and projects (e.g. 'Clothing Network' innovation coupon, research and development (R&D) guidelines, energy saving);
- organisation and implementation of ZITEX's training seminars on 'Textile English', 'Personnel Management', 'Young Professional Promotion and Sponsoring Programme' and 'Demographic Change and Demand for Qualified Personnel';
- support in recruiting well-qualified young people;
- organisation and implementation of the 'ZITEX Informiert' newsletter and user forums on various subjects as joint events with other organisations, institutions and associations.

3. *Improving the sector image*

- Several activities are aimed at improving the overall image of the textile and clothing industry as an innovative and modern industry. For example, measures include organising trips for journalists on a selected theme, regular press releases, dissemination of an electronic newsletter ('ZITEX Informiert') and the ZITEX website. Image promotion also included the publication of an 'Expertise Atlas' for technical textiles as an advertising platform for companies and research organisations, R&D guidelines as an overview of current research activities and a list of State R&D promotion programmes in the form of a promotion atlas.

Other activities

Other activities in the context of the future initiative in NRW concentrated on establishing a broad high level platform of reflection and strategic discussions on sector development ('Branchengespräch Textile and Clothing Industry') organised by the NRW Ministry of the Economy and various activities in the field of qualification and training (seminars/trainings for 'training sponsors') as well as innovation ('Innovation Networks Textile and Clothing Industry').

4.2.3 Success factors

4.2.4 Drawbacks, limitations and typical costs

4.2.5 Examples

4.2.6 Bibliography

[Internet:www.zimit.de](http://www.zimit.de)

[Internet: www.zitex.de](http://www.zitex.de)

4.3 Anticipation of future workers to be trained and recruited through clusters: The case of the French nuclear cluster - *Trimatec*

By Isabelle Fieux, Dominique Gaudron (Algoe)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

4.3.1 Presentation

The nuclear cluster '*Trimatec*' groups nuclear plants and their suppliers in the 'Vallée du Rhône', covering three regions (Rhône-Alpes, Languedoc, Provence). The necessary changes within the sector need to give strong consideration to skill development; some skills are lacking and others need restructuring. The cluster leaders are mainly large companies or research centres such as AREVA - the main nuclear energy producer in France; CEA - the nuclear research agency; EDF - the French electricity power company, and; the Ministry of Employment. Their purpose within the cluster is to foresee the main development of those skills and to organise the shift from declining skills to developing skills.

The work consisted in mapping the businesses, employment and skills of the cluster and measuring the tendencies and the demands from the SMEs, through an inquiry. The long-term objective was to build a partnership between large companies and SMEs as suppliers to collectively organise the necessary action to adapt skills to new needs (particularly training). Social dialogue has been important, as the unions have been involved in the whole process, as have the chambers of commerce.

The French '*poles de compétitivité*' (i.e. clusters) have a strong role in coordinating companies and research centres in the same sector. In France, the main plants (AREVA - the main nuclear energy producer in France; CEA - the nuclear research agency- and EDF - the French electricity power company) are based in the same area and subcontractors settled close to them.

Those clusters rarely deal with human resources (HR) topics and may only deal with large companies or SMEs only play a marginal role. In this initiative, the cluster is explicitly concerned with HR and SMEs and addresses the important issue of future jobs and gaining a better understanding of the declining jobs in SMEs, in order to effectively address skill development.

It is important to pinpoint the importance of the security issue in the nuclear industry in order to better explain the focus on skills:

Being able to understand and collectively analyse the way in which jobs are developing (growing and declining jobs) within large companies and SMEs enables monitoring of the way in which necessary skills need to be developed. It means organising a shared project with all stakeholders (companies, unions, employment administration) including the means of analysing the jobs forecast and drawing conclusions from this analysis, in

order to decide collective actions in the fields of training, human resources and employment forecasts. This necessitates establishing a strong relation between large companies and SME subcontractors.

4.3.2 Implementation method

The method was firstly a survey to a panel of SMEs (20 out of 80 businesses were surveyed, representing 1,800 employees), through individual meetings with the company leaders. The results of the survey resulted in defining and building a skill reference system on the basis of 39 identified skills, pinpointing their development trends. Complementary discussions were arranged with union representatives and with local heads of the large nuclear plants. The steering committee involved companies, unions, regional authorities and the Ministry of Employment.

The initiative came from technicians' representatives of large companies and collectives. They mobilised the core team of the cluster and the local State administration for funding and engaged a consultant to enlarge the mobilisation to the other stakeholders, such as unions and SMEs.

The skills forecast made in 2008 showed a need to recruit 30% more employees between 2008 and 2015 for 26 skill needs; mainly dismantling, but also for commercial and marketing, conception (new projects), electricity and mechanics, safety. Also, 13 skills were identified as decreasing need, requiring workers to be retrained in order to take up the new jobs available. The unions were able to identify sectoral and territorial employment issues, including SME-specific problems.

This first collective step authorised the different shareholders to share a common analysis and a first vision of the issues forecast and the actions to be implemented. On this basis, a collective action plan is in place and currently being addressed and social dialogue concerning skill development is ongoing. Some SMEs are conscious of the collective sectoral issues and unions are aware of the collective training and employment issues.

4.3.3 Success factors

The main success factor is in the involvement of all key stakeholders. Another success factor has been in building confidence with suppliers and SMEs, despite large companies being the traditional leaders of such an initiative; the presence and funding from local State administration was crucial in facilitating this. The close proximity of those involved in the clusters was also a contributory factor to its success as it facilitated communication, networking and information-sharing.

Main lessons for success

- steer by a specific organisation, grouping companies and collectives;
- appoint a technical team in charge of the project, having different public/private experiences;
- seek public and private funding;
- gain early involvement from the unions;
- use an expert to coordinate the process;
- the presence of public partners and independent experts give SMEs confidence in the process and lend it legitimacy.

4.3.4 Drawbacks, limitations and typical costs

The process was slow; initially trade unions were not confident and involving them and gaining their confidence took time. The involvement of SMEs was also a slow process, particularly raising their awareness and providing employment and skill projections.

Implementation of the process: EUR 50 000 plus a part-time role for the steering process.

4.3.5 Examples

In the Grenoble urban area, the main companies (Schneider, ST MicroElectronics) created a mobility platform to share competences and facilitate the mobility of workers at risk of losing their jobs. This platform allowed workers to be employed for a time by another company whilst still being employed by the former company.

A similar initiative has been launched by *Plastipolis*, the plastic cluster in Oyonnax (Ain).

4.3.6 Bibliography

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internet: <http://www.pole-trimatec.fr/document.php?pagendx=50>

4.4 Belgium - Sectoral-regional joint taskforces for economic recovery: the taskforce in the car assembly sector in Flanders

By Valeria Pulignano

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

4.4.1 Presentation

Due to the crisis which involved (and still involves) the automotive industry worldwide and its place as the main pillar of the Belgian economy, the Flemish government has taken the initiative to develop a preventive and structured approach for the car assembly industry. A taskforce for the industry was set up in 2004 as a tripartite committee, involving all the key managers in the sector, several trade unions leaders, senior civil servants and key cabinet staff members of the Flemish government. Its function was to outline an optimum policy for the sector and to issue a final report proposing concrete policy measures aimed at keeping vehicle assembly plants in the region. The taskforce regularly met to monitor progress on agreed action points and is a tool used by governments to respond to the pressure exercised by restructuring and by the global economy as a whole while helping national and regional governments to shape their economy.

In the report published in 2005 the taskforce in the car assembly industry in Flanders outlined an action plan for the sector. In the plan three competitive factors were identified for improving the competitiveness of the car industry in Flanders and for the creation of a framework better able to face the periods of crisis leading to restructuring i.e. working time, regulations of supplier industry, formal and informal learning. These competitive factors are reflected in the action points or measures identified by the taskforce. We refer respectively, to the actions which attempt to conciliate employees' wishes on flexibility with those of companies, to improve infrastructures on supplier parks, to broaden the innovation concept to include aspects of work organisation for application for innovation funds, and to improve companies' training policy. Yet, the emphasis is on the reduction of costs for car assembly plants, such as energy costs and labour costs. In particular the reduction in gross labour costs is singled out as the most important outcome of the taskforce. There is a concern that the Belgian car industry in Flanders could lose its wage-cost advantage over Germany, where many of the sister plants of the Belgian car assembly plants are located. In Belgium, additional wage bonuses that workers receive for night time or shift working are currently liable for payment for social security contributions whereas, in countries like Germany, these wage bonuses are exempt from social security tax.

Specifically, the action points or measures introduced by the action plan with regard to labour costs, flexibility, innovation, administrative support, training, logistics and cost-savings in energy are described below in detail. It is important to say that because of the relevance of focus on wage costs and flexibility, the sector's industrial relations actors – the trade unions and the employer federation Agoria – play an important role in the labour costs and flexibility working group of the taskforce. With regards to reduction of

wage costs: since the potential national disadvantage in 2005 a reduction in social security contributions on shift work of 5.63% was enacted. In 2007 this was increased to 10.7%. A reduction of 1% on shift work corresponds to a reduction in total labour costs of 0.4%. Action was also taken with respect to the permanent monitoring of wage costs. In particular, a methodology was developed to monitor wage costs in the car assembly industry in relation to neighbouring countries.

Another measure was related to flexibility and more specifically to working time flexibility. With regard to flexibility, the trade unions and Agoria reached an agreement in principle in May 2006. The agreement introduced two measures to achieve greater working time flexibility in the sector: working time savings accounts and a six year 'plus-minus account'. Belgian working time regulations already allows for the annualisation of working hours. In a system of annualisation, the employee can work the collectively agreed working time (38 hours per week) on a yearly average basis rather than on a weekly basis. The provision of a plus-minus account extends this period by up to six years. For companies, this allows for adaptation to production fluctuations through a variable working week. For employees this allows for differentiation in working time during their career according to their needs through flexible working hours.

An important aspect of this plan was to stimulate innovation through research on successful innovation strategies for the car industry in order to survive post-2015. The Flemish Institute for the Promotion of Innovation through Science and Technology (IWT) will guide car plants to aid in the implementation of proposals for funding innovative projects. Funds for technological innovation have been widened to include support for process innovation which is non-technological. There is also an additional support of 10% foreseen for research and development projects. The possibility to outsource activities by the Government is also included as a measure of the plan and it introduces a purchasing policy that requires technological solutions. It takes the car industry as its pilot project.

Finally, attention is given to the implementation of measures to increase the attractiveness of technical courses in school education. Each car assembly plant has appointed an account manager from the employment office who offers guidance on recruitment and training. For professions with a lack of available candidates, the employment office produces an action plan and the procedure to receive work permits for employees from new Member States is simplified. The graph below gives a graphical illustration of the position of the taskforce with regards to the restructuring process:

Before	During	After
Permanent actions and certainly prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

4.4.2 Implementation method

The primary actor which is responsible as the initiator of the taskforce is the regional government in Belgium in the Flanders region. However, the taskforce works as a knowledge network which consists of almost 160 participants companies in the car

assembly sector, trade unions, employers' organisation, members of the Flemish regional government and the Federal government in Belgium and with the financial support of the Flemish institute for the Promotion of Innovation through Science and Technology (IWT). The aim is to develop a platform of social dialogue for policy making in order to respond properly to the competitive pressures in the auto sector in the Flemish region in Belgium. Innovation is used as the primary policy tool to develop competitiveness.

As part of this strategy, particular attention has been paid within the taskforce to develop a platform (called DRIVE) for the implementation of knowledge and innovation for the vehicle industry in Flanders. The platform seeks to achieve its goal (i.e. to safeguard the competitiveness on a European and worldwide level without using mechanisms such as concession bargaining) by focusing on product innovation and processes - this is confirmed in the measures in the action plan above, outlined by the taskforce of the Flemish government. In practice an analysis of the strengths and weaknesses in the vehicle industry in Flanders is carried out on the basis of an international comparison of the region. Moreover, it is looked at the resources and the knowledge present in the companies as well as at the expertise available in order to develop feasible projects which will receive the financial support of Flemish institutions, such as IWT, and which will be financed on the base of the degree of feasibility and effective contribution to enhance the level of innovation in the sector. This usually means that projects intent to obtain and translate technological knowledge to useful innovation applications for the benefit of a collection of companies in the vehicle industry sector (in this respect participation in each project of at least three companies is obligatory). The Flanders' DRIVE board of Directors selects those projects which will be subsidised. The means at Flanders' DRIVE disposal for cluster projects are part of the subsidy acknowledged by the Flemish government and are governed by IWT-Vlaanderen. The Flanders' DRIVE Step 1 was concluded in 2007. Step 2 of the Flanders' DRIVE is taking place between 2008 and 2010.

4.4.3 Success factors

In an interview reported in EIRO (2006b) the Belgian CEO of Volvo Cars, Frederik Arp, summarised the situation as follows: "It may not be thanks to the taskforce that the car industry in Belgium still exists, but without the taskforce it is less certain that it would be there."

The automotive sector is an important economic sector in the region of Flanders. The fact that social partners and regional government meet each other to supervise the developments in the sector is already important. Other important success factors are: a tradition of social dialogue in Belgium; the fact Flanders presents itself as a region with a high concentration of several big plants; a well established tradition of organising working time within the different plants on the base of employers-employees needs; and a strong intervention of the government, implementing key decisions. In this respect it can be argued that the strong role played by the State in the implementation of legal initiatives as well as its strong involvement in the administration of social security system can be considered as preconditions for success.

4.4.4 Drawbacks, limitations and typical costs

The fact that the real decision centres in this sector (car manufacturers, suppliers) are not

Flanders based, create serious limitations for this tool. At both European level and even more so at global level, Flanders is both a small player and a small region. Furthermore, the real important research and development (R&D) centres in this sector are based outside Flanders. The size of the competency pool 'Flanders Drive' is also too small to be of real importance for the main players with their own research and development (R&D) centres in this sector. The extent to which this tool can interfere in job losses and downsizing decisions of the transnational companies is questionable.

4.4.5 Examples

Flanders' Drive

The innovation platform Flanders' Drive began in 2001 as a result of the initiative taken by the supply firms *Bekaert*, *Bosal*, *LMS International* and *Tenneco Automotive*. Agoria Flamish and Sirris supported the initiative. At the time of its creation and soon afterwards, Flanders' Drive had 163 members. These included not only constructors of cars, buses and trucks but also as indicated above, suppliers from different sectors and industries (electronics, mechanics, rubber, textile, glass) as well as high schools, universities and research centres i.e. IMEC in Leuven.

There are three main pillars which strongly support the development of Flanders' Drive: the knowledge network, the research projects and the high technological infrastructure. Each of these three pillars concurs to strengthen the competitive capacity of the automobile sector in the Flemish region. In order to achieve this, the regional government financially supports the initiative via research grants and support given to the companies to develop their innovative capacity while developing synergies to enhance their competitiveness.

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4.5 France - Building future scenarios to foresee employment development: The case of the Roubaix- Tourcoing employment committee

By Isabelle Fieux, Dominique Gaudron (Algoe)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

4.5.1 Presentation

The local employment committee in Roubaix-Tourcoing (an old textile-centred industrial settlement near Lille), together with representatives of unions, companies and local authorities, collaborated to design strategic employment scenarios in order to prepare an agreement with the regional council and the State administration. The aim of the scenarios was to clarify the possible developments in the main industrial sectors in terms of employment and to better prepare for future restructuring.

The context of this work was:

- to maintain the industrial vocation of the territory;
- to focus development on the existing resources;
- to develop new jobs in close relation to existing companies.

The scenarios focused on priority sectors, identifying the conditions to be met i.e. public policy, action process, actors and resources to be mobilised, real estate to offered, and then identifying the subsequent developmental impact upon employment levels and skills.

The scenarios took into account of the specifics of the local economy and its urban characteristics (e.g. the relation between brown-field sites and demand for real estate).

Some local employment committees have continued to exist in France, allowing employers and employees to meet, and connect to the local authorities. In the Nord-Pas de Calais region, many more such committees have existed for years. The local territory of Roubaix-Tourcoing is an old textile-focused territory; it has experienced considerable restructuring and lay-offs, leaving behind high unemployment and brown-field sites.

The innovation stands in the collective willing of unions, companies and local authorities to forecast employment development and choose a direction for developing new economic sectors and managing restructuring.

The method allows those involved to foresee and prepare for future restructuring, and to choose a shared strategy to face and address these changes.

4.5.2 Implementation method

The study defined five great types of economies present in the territory and identified their employment trends for the next few years, according to national and local knowledge on this topic. Working groups with a range of stakeholders agreed the possible scenarios and each group worked on a specific scenario, proposing actions to be implemented to improve the job and skill impact and monitor the restructuring processes: i.e. what can be done to make better use of local resources; what is the best action plan to improve the employment level in this scenario.

Each scenario was presented to the plenary group so that participants could pinpoint a preference, debate on the action plans and discuss measures to be implemented.

The process was launched by the local employment committee (composed of representatives of local unions and companies), which mobilised local authorities (municipalities) to debate on the outcomes.

The method allowed:

- a synthetic whole scale vision to be shared with the other stakeholders (companies, local/regional authorities),
- a clear projection of the future trends, the identification of the links between the different types of local economies, especially the restructuring sectors and their links with the developing ones,
- the identification of the resources to be mobilised to reach the expected impact.

4.5.3 Success factors

- Design a synthetic and quick analysis of the functioning of the local economy, analysing the past trends and projecting them in the future;
- put people in a projective attitude, in a pedagogical way, and help them to design necessary resources and actions to be undertaken;
- establish working groups for each different scenario and then crosscut them at the end;
- clearly identify the different types of local economy and pinpoint the links between them.

Main lessons for success

- use a well specified method to forecast the restructuring;
- identify future jobs and analyse the capacity of the local economy to transfer workers to these new jobs;
- early involvement of the local and regional authorities to secure money for a long-term commitment.

4.5.4 Drawbacks, limitations and typical costs

The resources to perform the work were limited. Mobilisation could have been greater, involving more partners, more extensively. The local authorities followed the process but did not feel engaged sufficiently for a long-term approach.

Implementation of the method: EUR 30 000

4.5.5 Examples

4.5.6 Bibliography

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4.6 Analysing the local macro-engines to define local recovery plans: The economic strategy plan in Greater Marseille, France

By Isabelle Fieux, Dominique Gaudron (Algoe)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

4.6.1 Presentation

The tool is an innovative approach to analyse how local and regional economies function through the employment, local incomes (professional tax) and real estate market. Both supply and demand are affected at local and regional level; what the area provides i.e. goods, services and the demand for them i.e. upon which goods and services the local economy is oriented. This informs what makes a local economy work and develop and how local action plans (recovery plan or development plan) need to consider the local economy as a system.

Due to demand, Greater Marseille was faced with a need to restructure its industrial, sea and shipping industry to develop a new service-oriented economy.

An analysis was been made to consider five types of local 'economies', according to a B to B / B to C template, i.e. an analysis related to a matrix with two criteria: who is the client (business or consumer) and where are they located (inside the territory or outside). This defines five main categories of macro-economies:

1. Residential economy - goods and services which profit local inhabitants (private and public services, retail, non-profit activities);
2. Productive economy - production of goods which profit the general economy, mainly outside the territory (largely agriculture and industry);
3. Knowledge economy - providing knowledge and high-value services (education, research, consulting, publishing, advertising, research and development within companies, management, creative industries, marketing, finance);
4. Logistics and transportation of goods (including storage, wholesale, distribution, shipping);
5. Tourism (for the outside population: hotels, events).

The activities grouped within the five categories are characterised by similar value chains and homogeneous beneficiaries.

Marseille, the second main city in France, and a large port on the Mediterranean Sea, is a large city with an old industrial sector which has seen considerable restructuring. There is a poor infrastructure connecting between port infrastructures and logistic companies and spaces. Marseille has a low level of governance and lacks a robust economic strategy.

The 'macro-engines' analytic method is innovative; it enables better knowledge of the declining sectors in the future, to better anticipate restructuring needs.

4.6.2 Implementation method

The method splits employment, tax and real estate statistics into the five categories cited above to compare the weight of each macro-engine and their trends, according to a list of related sectors.

The 'transversal' sectors - those not directly related to one of the macro-engines - (building, banking, real estate, post, telecommunications, security, cleaning) are distributed between the five categories according to pointers such as their weighting in direct employment or scale of property (m²).

After describing a reference scenario, three scenarios for the future are proposed:

- logistics;
- knowledge economy;
- residential;

Each scenario is based on one of the macro-engines; each scenario has been analysed according to its potential for employment, tax income and capacity to propose the adequate real estate (considering the local constraints and market):

The process has been organised by the urban authority (Marseille Provence Métropole) and then debated with key partners (regeneration companies, port authority).

Greater Marseille elaborated a precise action plan to manage the restructuring sectors and to prioritise the knowledge economy, in relation with the logistic economy (particularly important in Marseille, due to the port). This plan was discussed with the main economic actors and public leaders. It is still in place, despite a change in the political majority.

The method enables a different and innovative approach of a city or region, mainly quantitative, bringing a clear and precise synthesis of the local or regional economy, embracing both recovery and development approaches. It allows for easy benchmarks from one local economy to another one. The interdependencies with the outside economies are described, as are the quantitative consequences of prioritising one macro-engine above another. It also facilitates the decision-making process between public and private-sector leaders.

4.6.3 Success factors

In order to be successful, strong involvement and mobilisation of the main private and public sector leaders is needed in order to mainstream analysis and decision-making.

Forecasting the future is not an easy task and requires solid support to organise it from the outset through to the action plan.

Main lessons for success

- use the specific method;
- develop scenarios and propose an overall strategy;
- convince and engage elected representatives to organise a wide debate on the proposed strategy.

4.6.4 Drawbacks, limitations and typical costs

- the approach is technical rather than participative.
- the relationship to restructuring needs to be specifically designed.

Implementation of the method: EUR 50 000.

4.6.5 Examples

The Provence Côte d'Azur Regional Council developed an employment plan to better organise the restructuring process at a local level with private and public stakeholders, taking ad-hoc measures to facilitate local restructuring plans.

4.6.6 Bibliography

Marseille Provence Méditerranée (Greater Marseille) website Internet : (see: 'stratégie de développement économique, internet : <http://www.marseille-provence.com/>

5. Developing workers' employability

This set of tools is aimed at making workers' employability concrete. By nature, these tools must be implemented before restructuring occurs in a permanent context. The tendency to train only those who have already received training is probably the main difficulty to overcome. These tools must fulfil three main sub-functions:

1. **targeting and reaching the relevant trainees** - If the objective is to enhance employability, then the first step is to determine which workers are in need of support and to make sure that it is possible to reach them in a context where they are still employed and therefore busy at work and are spread across all companies, small or large;
2. **setting up adapted orientation and training programmes** for these workers. Actions to enhance employability should focus on situations where the market and/or the vocational training system have already proved unsuitable;
3. **maintaining labour contract and income** for these workers while they are involved in training. Workers involved in this type of action will not be available to work in the interim which entails costs for employers that should be mitigated or covered. It is not only a matter of direct costs, related for example to training costs, but also of indirect costs related to the replacement of unavailable workers.

These tools are directly related to public action as they are generally embedded in broader vocational training systems. However, they pay special attention to:

- combining company level decisions regarding human resources management and sectoral need and local labour market need;
- gathering people around projects related to this broad target.

Although the tools all rely, at least partly, on public resources, the way they are implemented varies widely, from legal prescriptions to labour agreements. They therefore take place:

- as a public policy decision, at national or local level;
- through agreements negotiated at sectoral level, and in local labour markets, by social partners alone or social partners and public authorities.

The tools usually complement the general system in order to respond to the demands of a specific population of workers. The tools presented are therefore meant to cope with the loopholes of the existing systems regarding employability of workers. They mainly concern, but not exclusively, low-skilled workers, older workers and workers in SMEs. The problems they try to deal with are double-sided: to convince workers to become involved in training and; to convince employers to allow workers to attend training. Initially,, the difficult part is accessing both groups while they are still employed. In this regard, the UK example (see the 'learning representatives' fiche) certainly highlights a possible solution.

What must be remembered is that lifelong learning plays a crucial role to maintaining the employability of all workers, it is not training alone that is needed: validation of

work derived experience as well as learning through working are indispensable to lifelong learning

Public and mutualised collective resources are necessary to launch an initiative, not only because of the cost of training itself, but also because of the cost for employers while employees are trained.

All measures must reach workers while they are still at work, which is not easy. Furthermore, their involvement rests on building confidence, adapted orientation and training systems and cooperation of the employers.

5.1 Multiple countries - Promoting internal mobility through training

By Pamela Meil

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.1.1 Presentation

One of the most important tools to be proactive in the effects of restructuring or even being able to prevent redundancy in restructuring waves, is the promotion of internal and external mobility through ongoing training, qualification and competency development of employees, having companies develop activities that promote internal mobility, new career trajectories and job rotation with the company.

Internal mobility measures are usually company centred, potentially with help from vocational training or other training institutions as well as career development activities coordinated from HR departments or consultants. Internal mobility is mainly a tool for large companies since it presupposes the existence of a hierarchy which provides a career path or, in cases of restructuring, the possibility to move to different departments or sites of the company.

In companies or sectors threatened with restructuring, early activities promoting internal mobility give employees a better chance of finding a new job both within companies and in the labour market.

5.1.2 Implementation method

The following points are all part of the methods that HR and training departments use to establish internal mobility through training and the recognition of competences that have been acquired:

- annual development plans in which employees and the company HR representatives form learning and competency strategies to maintain and upgrade skills for the coming year;
- introduce job rotation schemes to promote continual training;
- enhance participation in lifelong learning for companies and employees through financial incentives (such as tax credits);
- promote leave schemes for further training;
- support the establishment of joint training funds (also accessible for temporary workers) that allow for training for cross-sector mobility;
- promote the transparency of qualifications across Europe (as with EQF);
- create competency accounts that make the experience and skills that workers have learned on the job transparent and able to be used both inside and outside of company labour markets.

The examples in the three companies presented below in Section 5.1.5 will demonstrate how

these methods are implemented in practice

5.1.3 Success factors

Good social dialogue linked to collective bargaining and negotiation of training and mobility policies is fruitful. Innovative HR management approaches have developed strong mobility plans for internal labour markets. Models based on competences (Telefonica S.A. is a Spanish telecommunications company), training mobility oriented programmes (e.g. the *Électricité de France* -French utility company), and sectoral mobility supportive centres (such as those found in the Syros Neorion Shipyards in Greece) are excellent examples of linking good planning of learning activities and developing skills and competences.²⁷

5.1.4 Drawbacks, limitations and typical costs

Company development strategies often concentrate on job-specific tasks and do not provide workers with a wider range of skills and competences to prepare them for future job opportunities outside of the company. When companies are under extreme economic pressure, competence centres and competence shift programmes are often seen as too costly, inefficient and ineffective to manage the companies' difficulties. Thus redundancies take place regardless. Also such programmes are the first to lose funding in tight financial situations.

Small and medium-sized companies are at a disadvantage since they do not have large HR departments or training budgets. The ability to learn a broad range of tasks in a SME should be emphasised and therefore accounts for informal qualification acquisition have to be better developed.

Transcompany initiatives to assure workers' competence development and career management are necessary to prevent training to be overly company specific. Career guidance initiatives at sector or regional level would be one way of achieving this enabling neutral screening and plans for further development to take place.

5.1.5 Examples

Telefónica S.A.: Integrated Mobility Model

The model of internal mobility in this case study is presented as a success in promoting horizontal and vertical mobility between areas, businesses and countries. Telefónica Spain focuses on two dimensions within the concept of mobility: working mobility and integral mobility. The working mobility concept addresses aspects of working conditions, such as open access to company networks and applications and work flexibility models.

The concept of integral mobility builds on the global competences model (commitment to customers, integration into the environment, transparent communication and relationships, cooperation, personal development, contribution to profits) which is used in all locations and across all business sectors of Telefónica. Three key measures help to promote internal mobility based on the two models of internal and integral mobility:

²⁷ Arribas, General Conclusions at the Cedefop and EMCC seminar on company networks, 2006.

1. a job-posting portal on the intranet for vacancies; employees can apply on a voluntary basis. This option has been very well received by employees;
2. a range of internal job rotation programmes exist, focusing on high level employees, operationalised through an executive rotation plan;
3. the company has its own professional schools where employees can take part in formal classroom courses for further training for particular positions throughout their careers.

Permanent training measures are a key element of Telefónica's mobility policy. The ICT industry is changing very rapidly, so there is permanent need for retraining and developing the skills of the employees at Telefónica. All employees negotiate a personal development plan including a training plan for the coming year with the HR-department. The subsequent 'talent evaluation' process monitors job rotation and the employee's final choice of job. The company also offers online training courses. Such forms of e-learning fit well into the integral/internal mobility model; employees can fully exploit the capabilities of ICT products from the company by working and learning flexibly.

Electricité de France Group, EDF: Flexicurity Approach

EDF's goal for internal training was to achieve a 'flexicurity approach'; employment security but with flexibility of its employees to move between jobs. In the case of EDF, (which employs approximately 160,000 employees worldwide) about 15,000 change their jobs annually within the company (different job within the same profession, shift to another occupational group). This means that the company displays high occupational mobility. Geographical mobility, however, is very limited.

In order to give internal job mobility a high priority, the company established an employment division, with a strong regional representation that manages employee mobility. However, most employees did not take advantage of the offers for job flexibility; most wanted to stay in the same job. Based on their experiences in trying to promote internal job mobility, EDF mentions some critical factors in promoting internal mobility:

- transparency in the internal employment market for workers;
- marketing and communication of internal job mobility measures;
- benefits for managers who allow good employees to change jobs;
- support for employees that move.

The training concept is oriented towards high internal job mobility and based on the principle of lifelong learning. As a first priority, initial training is invested to prepare new recruits for highly technical functions. Furthermore, high training needs for the workers results from technical innovations of the electricity industry and therefore requires knowledge in safety, health, maintenance and specific technologies. In-house training is given by experienced workers (four years in a position) to new workers as courses and/ or training on the job. E-learning has been introduced as a new field for EDF for technical training in the organisation. Formal recognition of these training courses is not highly developed. During a restructuring period, EDF reduced the number of workers employed in the department of in-house training substantially. More external trainers are planned for non-technical fields.

Neorion Syros Shipyards: Multi-tasking as internal mobility and sectoral mobility support centre

In response to economic downturn, the shipyard introduced two measures to address work mobility:

1. the company introduced a system of internal job mobility for retraining the workers on multi-tasking and had multi-disciplinary teams. The goal was to reduce productive down-time, labour costs and to prepare the workers for a future in which new skills may need to be acquired at the shipyard.
2. the company has set up a sectoral mobility support centre as a viable and permanent support structure for the workforce in close cooperation with social partners, public administration of the south Aegean region and local development agencies. The centre offers support to workers who will become unemployed in the course of restructuring within Neorion Syros Shipyards. The programme is provided with individualised counselling, job orientation, promotion of employment and a strengthening of entrepreneurship. The industry-initiated foundation of a sectoral mobility support centre is very innovative for the Greek context. The new strategy of Neorion Syros Shipyards can be called socially responsible restructuring with the aim to anticipate changes leading to any future lay-offs by (re)training its workforce.

Neorion Vocational Training Centre (Neorion KEK) was established providing technical training, training in accounting, health, safety and quality control. In-house training needs are determined empirically (by Neorion KEK itself, within projects emerging from the EQUAL community initiative, for example). Training programmes are provided to all groups (production workers, administrators, managers) at the shipyard. Most of the training is organised in a two-step process: formal learning in classes at the Neorion KEK training centre and; on-the-job training and monitoring (e-learning was not successful).

A problem encountered was that the majority of training in the shipbuilding industry is not formally acknowledged at a national level and thus the training is not easily recognised or /translatable/transferable. The Neorion KEK training centre can award only a few standard certificates, e.g. for training in quality control techniques.

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5.2 Sweden and France - Validation of skills and competences (*Validation des acquis de l'expérience*)

By Dominique Paucard and Maxime Petrovski (Syndex)

	Before	During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.2.1 Presentation

Validation of skills and competences is a process of assessment, documentation and recognition of any skill and/or competence that an individual has gained during his or her career, no matter how and where. It mainly aims at making explicit the knowledge resources acquired on the job by a worker without formal training, and therefore not yet officially documented or reflected in degrees and/or certificates.

The process comprises:

- Mapping i.e. documenting the person's knowledge, skills and previous professional experience;
- Assessment i.e. practical assessment on the job by experts;
- Validation i.e. evaluation and decision by a jury.

Validation may consist of earning a grade or formalising the acquired skills and competences and proposing some further training to obtain a grade.

When it comes to restructuring, validation of knowledge and skills is viewed as a means to enhance employability. First of all, it gives the opportunity to get a generally accepted proof of competences on the labour market. Furthermore, it allows adjusting training programmes to the specific needs of individuals.

Validation of skills and competences is rather a long process and pertains more to lifelong learning than to crisis management. Its purpose is much broader than managing transitions in the case of redundancies. For instance, it can also be viewed from the company perspective as a set of tools and methods for ensuring a continuous supply of knowledge and skills demanded by the organisation. That is why it belongs to the toolbox of permanent actions, even though it might also be used prior to the announcement of lay-offs.

	Before	During	After
Permanent Actions	Prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

5.2.2 Implementation method

Two main models could be distinguished in European countries: a 'top-down' approach (e.g. France) and a bottom-up approach (e.g. Sweden).

In France, 'validation of acquired experience' laws were voted on in 2002. These laws give every person the right to have his/her knowledge resources acquired on the job to be recognised by means of national diplomas. Consequently, the process is managed by the national education system, whilst the employers and social partners are not as involved.

In the Swedish system, the government supports the validation schemes, but the responsibility for creating a system for the recognition of competences and skills is vested with the social partners and the educational institutions at local level. In this case, it is a local player, such as the Validation Centre of Goteborg, that establishes methods and tools for validating knowledge and competences in cooperation with social partners and local companies.

5.2.3 Success factors

The success of validation of knowledge and skills depends upon the accessibility of the system to individuals. Employees should be aware of its existence, able to enter it quickly, and free to use, during their working time if need be, to validate their skills. If validation of knowledge and skills is by definition an individual choice, it can be embedded in a collective approach on the working place - at least for the least qualified, - and used as one of the instruments of vocational training.

Regarding the choice of a 'top-down' or 'bottom-up' approach, both have their advantages and disadvantages. Obviously, the choice depends largely on the existing cultural routines and networks; law and the State regulate the first approach, while the second relies much more on mutual adjustment and involvement of local actors.

'Top-down' approach

The advantage of a 'top-down' approach is that it is potentially beneficial to any worker meeting the specified conditions. It also addresses all the labour market by delivering diplomas in principle recognised by everyone at the national level.

The disadvantages however seem to be the following:

- the process may be quite complicated and take time to implement, not only from the technical point of view, but also from the resource point of view (getting experts, gathering juries, delivering adapted complementary training);
- the system may deliver qualifications that are not needed by local employers and therefore not fitting the needs of the local labour market.

'Bottom-up' approach

The main advantage of a 'bottom-up' approach appears to be its better adjustment to the local conditions where it is supposed to be implemented and used.

There are however disadvantages too:

- local actors may not be sufficiently involved (or involved to extremely varying degrees) to implement such a system in every region, thus creating inequalities;

- the skills may well be recognised locally but the national labour market may refuse to accept their recognition.

5.2.4 Drawbacks, limitations and typical costs

From the restructuring perspective, the main drawback is that the validation of knowledge and skills must be part of the company's policy long before the restructuring occurs to be significantly efficient. This means that not only employees ought to be well informed about the programme and encouraged to get involved in it, they should also know that, once they get their skills validated, they would improve their career prospects within the company.

5.2.5 Examples

The French system of validation of knowledge and skills can be broadly described as the following: after the laws were voted in 2002, the first part of the job was to create a file of all the accessible degrees delivered by the national education system (*Répertoire national des certifications professionnelles*) and to establish the list of all skills and competences required for each degree. Currently, approximately 6,000 degrees are accessible to individuals through the process of validation of acquired experience.

Any individual willing to validate his or her skills and competences must produce proof of practising at least three years of activity in the area concerned. The validation is part of the vocational training system and can be funded up to 24 hours, taken on the individual's working time paid by the employer. The employer cannot refuse access to it for more than 6 months.

In most of the cases, the candidate will have to fill in an application form asking to start the validation process. If (s)he meets the required conditions, (s)he will receive a file to describe in detail the professional experience and the acquired competences. To do so, the candidate can get help from an expert in the field, who will generally spend 10 to 20 hours with the candidate. A specific jury will then test the applicant and decide whether to validate the whole or part of the list of competences attached to the degree. If it is only partly validated, prescriptions are given in order to validate the whole of the degree.

The Swedish system of validation of knowledge and skills can be described through the experience of the Goteborg Validation Centre:

In 1996 the Swedish government launched an ambitious programme for adult learning, which included validation of knowledge and skills. In 1998, the Swedish Ministry for Education commissioned the establishment of a validation centre in the region of Goteborg. The centre's task was to organise and lead the development of methods and models for validation, to ensure quality control of validation processes as well as to certify the validators and validation supervisors, to take care of the applicants for the validation process, to issue competence certificate, to market and spread knowledge about validation. A steering group composed of representatives of the local social partners as well as municipal and regional authorities and organisations headed it. Activities to be validated were determined by a committee that established what types of knowledge and competences are demanded by Goteborg employers and the steering group determined which occupations were to be included in the validation process. By 2005, methods and tools for validation had been developed within around 20 different

occupational fields.

To ensure the validation process itself, employers were offered the opportunity of becoming 'validation companies' by opening their 'validation workshops'. If agreed, a number of validation supervisors were trained and certified by the validation centre's experts within the company. The company would therefore be able to validate competences and skills of its own employees whilst committing itself to opening its workplace to candidates from other companies.

The applicant would first go through an assessment process with an expert to establish an individual validation plan, i.e. a plan of action that forms the basis of the future validation process and has to be approved by the validation centre. The validation process can then take place in three different ways: on the basis of grades (high school education), on the basis of competence certificates (not part of formal educational programmes but required by local employers) and on the basis of 'merit portfolios' (knowledge and skills that cannot be compared with any of the two previous categories). In this last case, the portfolio is a detailed description of the person's merits, such as his or her 'general competences', prior work experience or more personal experiences. The validation period, consisting of tests on the job, lasts between three and six weeks depending on how much is to validate.

Highlights

In relation to the restructuring process, validation of skills can facilitate voluntary mobility and enhance employability of redundant workers

The institutional frame depends on existing cultural routines and networks but requires:

- law or government support;
- links to educational institutions;
- involvement of employers.

The main actors are individuals themselves, which implies:

- guidance from experts;
- free time off the job;
- financial support.

The use of the tool can be enhanced by:

- a collective approach at the working place;
- adapted subsequent vocational training.

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5.3 Germany - Centre for competence development (SiGePool Kompetenzzentrum)

By Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.3.1 Presentation

The SiGePool Centre ('Sicherheit und Gesundheit Pool - Kompetenzzentrum für Arbeitssicherheit, Gesundheit, Qualifikation, Kommunikation und Sport') is a competence development centre for employees in the construction sector. In the construction sector in particular, employees are pressured by strict time frames, budgetary constraints, low wages and are exposed to several dangers. The building and construction sector has one of the highest accident rates at the workplace, comparably low levels of education and generally early retirement ages amongst its workforce. The fatal accident rate at German construction sites reached 141 in 2006, reflecting an increase of one quarter compared to 2005. In addition to low security standards, the construction sector is pressured by heavy competition and often faces 'price dumping'. Against the background of overwhelmingly micro and small company sizes, both employers and employees are under increasing pressure with regard to wages, working conditions and labour standards in general. Under a unique initiative, SiGePool aims to raise awareness according to the philosophy of 'better instead of cheaper - competitive advantages by quality and not by price dumping'.

The SiGePool Centre is often referred to as an 'evening school for construction workers' ('Volkshochschule für Bauarbeiter') and is an initiative of a works council from a construction firm in Heinsberg. Ever since the works council has strongly criticised the lack of qualifications amongst workers to handle heavy machinery and strict time schedules on cost of security measures. A high quality level depends upon (or is closely linked to) an appropriate level of qualification. SME and micro companies are often more challenged by increasing competition and structural change than larger companies. The building and construction sector in particular represents a high number of SME or micro companies. In order to remain competitive in the market, there is a need to continuously develop skills.

In 2003, the chair of the works council in Heinsberg in the Rhineland area established the Working Group and Health and Qualification Network, (the 'Healthy Construction Work Network'), and offers a wide range of praxis-oriented training and qualification courses for affordable rates of only EUR 35 per course. Because of a close cooperation with the office for work security ('Amt für Arbeitsschutz') and the employers' association ('Berufsgenossenschaft'), participants may benefit from their expertise in the workshops almost free of charge. Only costs for the function room and refreshments apply to the participants. SiGePool is a tailor-made initiative for the special needs of workers and companies in the construction sector and is open for workshop topics suggested by

potential participants.

Another focus of SiGePool is to support and sustain the competitiveness of SME in the district of Heinsberg through individually designed consultancy and training offers. With its wide range of workshops, it corresponds to the special needs and requirements of micro companies, and provides evening or weekend courses. Another 'surplus' of the competence centre is that a network of SMEs and a common platform for information and action was created. In this context, it is important to stress the sectoral and clear regional focus of the initiative. Through the network, SMEs and micro companies from the regional construction sector can benefit from affordable rates for workshops. Another advantage and function of the network is that the development of health and safety measures was supported in other companies. According to the project's formula for success '*security + health + training guarantee quality*', health and security issues are given high relevance. SiGePool has been successful in organising training activities for employees' representatives in the health and safety fields as well as awareness raising and lobbying. By these measures the SiGePool has successfully supported SMEs in the sector to cope with increased competition in particular from 'low wage' competitors, focuses restructuring and change more on the quality of jobs and developing attractive workplaces rather than cost reduction measures only.

5.3.2 Implementation method

SiGePool's work is closely linked and supported by the 'initiative for new quality in the construction sector' ('*INQA Bauen*') which has the objective to achieve a new quality of work in the construction sector. 'INQA Bauen' was established in 2002 with financial support of the Federal Ministry of Labour and is partially funding SiGePool. 'INQA Bauen' provides a close cooperation of the social partners, health insurance companies, social insurance companies, federal states, foundations, professional organisations, employers' organisations and companies to achieve improvements in the construction sector. The leading trade union is IG BAU, which is actively involved in the 'INQA Bauen' initiative and SiGePool. The main objective of 'INQA Bauen' is to sustain the competitiveness of the German construction industry under fair and quality-oriented conditions. According to the philosophy 'better instead of cheaper – competitive advantages by quality and not by price dumping', SiGePool has particularly contributed to the following:

- disseminating principles of the safety management systems and employees' responsibilities amongst SMEs;
- awareness raising and training measures for employees with regard to specific hazards and risks at work as well as risk-avoidance procedures;
- organising training in cooperation with the professional organisation for employee safety representatives on safety prevention, specific safety and health instruction for working with technical equipment;
- campaigns and lobbying for the added-value of 'good construction work'.

5.3.3 Success factors

SiGePool is a preventive instrument designed for an industrial sector exposed to

numerous serious problems and offers affordable training and qualification courses. It supports and sustains the competitiveness of SME and micro companies of the construction sector in the district of Heinsberg through individually designed consulting and training offers. In addition, SiGePool has created a network of companies and a common platform of exchange and action in close cooperation with INQA Bauen. As part of its service portfolio, SiGePool has established legal assistance services for entrepreneurs and other stakeholders.

A wide range of workshops is offered for employees and entrepreneurs, matching individual requests and needs. Topics are diverse and also cover workplace health promotion or guidance on how to implement security management as easy and fast as possible with the help of experienced employees.

There is a broad consensus amongst various stakeholders of the construction sector – not only in the region but also at the national level, that SiGePool has significantly contributed to a better perception of training needs, quality as well as health and security issues. It was also against this background, that the initiator of SiGePool, was awarded with the 'Federal Cross of Merit' ('*Bundesverdienstkreuz*') in 2006 for his work.

5.3.4 Drawbacks, limitations and typical costs

5.3.5 Examples

5.3.5 Bibliography

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5.4 France - Anticipatory Management of Skills and Employment (AMSE)

By Nicolas Segard and Jacques Dahan (BPI)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.4.1 Presentation

The main purpose of Anticipatory Management of Skills and Employment (AMSE) in a company is to firmly establish a permanent and a shared qualitative and quantitative process aimed at adapting the Human Resources to meet the needs of the business activity. The justification for the implementation of AMSE is even more critical in times of restructuring.

Where AMSE is implemented under the terms and conditions outlined hereinafter, it enables staff to acquire a deep insight into the reasons for the changes expected and, by allaying the collective and individual fears of the unknown, it helps them to become real actors of the development of their career and their employability.

Professional mobility lies at the heart of success in any restructuring operation and AMSE provides the formal framework that guarantees the relevance of such mobility, whether it is professional or geographical mobility.

Restructuring is a time of speedy and sweeping changes that are very often a permanent situation in today's corporate world. In this respect, the HR systems designed to guide the staff through these changes and those that seek to steer the continuous development of their skills are not inherently different. However, the deployment of the HR systems needs to be strongly geared towards forward planning and a more intensive implementation. These two conditions, combined together, will ensure the convergence of the timetables, and the social and economic challenges of the change process.

5.4.2 Implementation method

Background and legal framework of AMSE in France today

Since 2005, the law on social cohesion (*loi de cohésion sociale*) requires each company employing at least 300 people at the corporate level, or 150 people within one of its establishment that every three years a negotiation is undertaken on:

- the procedures for informing and consulting the works council of the company's strategy and its possible effects on employment and on salaries;
- the development and deployment of an anticipatory management of skills and employment system;
- the accompanying measures likely to be combined with the system,

especially with regard to training, accreditation for work experience (that can be used for a qualification), skills assessment as well as providing support to both professional and geographical mobility of workers.

For some years now, public and government authorities have been striving to develop social dialogue and encourage trade unions and employers to set out the terms and conditions for managing employment through collective bargaining processes.

The law establishes a link between AMSE and anticipation of economic lay-offs

The obligation to negotiate on AMSE is included in a preliminary chapter of the labour code, entitled; 'Anticipatory Management of Skills and Employment: Preventing the consequences of economic changes' (*'Gestion de l'emploi et des compétences: Prévention des conséquences des mutations économiques'*).

The intention of lawmakers and the government authorities is to encourage companies to conclude comprehensive agreements that address the issue of employment as a whole. However, the connection to restructuring remains diversely interpreted. The circular of 30 December 2005 presents it as a potential complement:

"An agreement of Anticipatory Management of Skills and Employment may equally contain provisions as to the procedure applicable in the event of mass lay-offs."

However, the obligation to implement an AMSE process prior to a 'social plan'²⁸ has been set out in a host of decisions issued by the Court of Appeal. The Regional Departments of Labour, Employment and Vocational Training (*Directions départementales du travail, de l'emploi et de la formation professionnelle - DDTEFP*) have been making an endless string of recommendations to companies engaged in a jobs rescue plan, requesting them to *"launch a AMSE system for employees not affected by lay-offs."*

Stakeholders involved in the design and implementation of the system

Prior to concluding the agreement, the Human Resources Department, in direct collaboration with Management and the operational departments will:

- identify the major trends in the development of business activities;
- analyse the different populations and demographic developments,
- draw up an inventory of current HR practices;
- identify the key employment problems per population category.

This diagnosis will help to draw up a strategy and employment report for staff representatives when undertaking negotiations. It will also help the management team to set out HR resource development priorities, namely: draw up action plans, optimise existing resources and develop tools and practices in the area of recruitment, counselling, jobs and skills benchmarks, professional paths, training, internal and external mobility.

²⁸ Although the accurate French name is *'plan de sauvegarde de l'emploi'* (Job rescue plan) the common phrase 'social plan' is used for shared understanding.

Union representatives will negotiate and sign the agreement. The negotiation notably addresses the elaboration of the anticipatory management of skills and employment system as well as supporting measures that are about training, validation of knowledge acquired by experience (VKAE), skills assessments, and employees' mobility. It also concerns the terms of the information and consultation of the works council on business strategy and the predictable effects on employment and wages.

The elected members of the works council will be informed and consulted on the company's strategy, its possible consequences on the development of jobs, skills and salaries, as well as on the content of the draft agreement concluded prior to signing.

Management will roll out the action plans taking into account two key factors:

- mobilisation of managers and staff representatives;
- mobilisation and provision of support to employees.

5.4.3 Success factors

Below is listed seven key success factors highlighted in a study performed, for the General Directorate of Employment and Vocational Training, by BPI in 12 companies that had signed AMSE agreements between 2005 and 2007:

1. Sharing information to enhance social dialogue:
 - a 'voluntarist' approach to social dialogue;
 - previous practice of sharing information with long-term impact;
 - bodies dedicated to information-sharing (AMSE committee, observatory, commissions);
 - clearly outlined procedures for dialogue (role and responsibility of each stakeholder).
2. An AMSE system that is an integral part of the corporate strategy:
 - the approach fits into a consistent and comprehensive social policy, the basis of which pre-existed. AMSE helps to place the social issue at the core of the company's strategy and thereby involves Management in brainstorming on the social consequences of implementing the company's business plan;
 - the stakeholders are 'honest' and realistic in their commitments.
 - the project is 'embodied', and held high by a member of the Management team and people at all levels of the business find it meaningful. An expectation, a need ought to be created for all of the company's stakeholders on the issue of AMSE;
 - employment management is a cross-cutting issue viewed globally in the company and no longer per service, line of business or even per unit.
3. Mobilisation of time and resources for implementation:
 - human and financial resources are allocated for the implementation;
 - training time is used for sharing, understanding, and hence ownership, of the various issues by everyone;
 - the implementation is coordinated by dedicated staff;

- the means to monitor and supervise the implementation are available;
 - the negotiation of the follow-up resources (human and financial) in the agreement guarantees a speedier deployment, as control and coordination are more effective.
4. Participation of Management - the role of middle management is vital in both forward planning and skills management:
 - forward planning: managers are responsible for providing feedback on developments in their business activities and/or their needs with regard to jobs and skills;
 - skills management: managers are the direct interface for the employees with regard to the issues on skills development and changes thanks to their listening, counselling and evaluation role (especially annual evaluations);
 - to meet this challenge, the manager is equipped, informed and supported in performing his role;
 - in an environment where the predominant culture is self-reliance and decentralisation, this participatory and involvement approach is crucial to have the business managers understand the importance of ensuring a thorough alignment of their specific business unit policy to the policy of the group.
 5. Communication with and information about the stakeholders i.e. employees, managers:
 - there is a need to provide information and explanations on the agreement and its accompanying measures throughout the implementation process through written documents and oral presentations.
 6. Training of stakeholders:
 - specific training sessions (AMSE development, tools) help to develop understanding and ownership of the challenges amongst the different stakeholders;
 - training elected representatives should be provided prior to the negotiation. The agreement shall be more comprehensive once the parties are well prepared and make concrete proposals on the issues reviewed;
 - with regard to deployment, training at the start of the process enables each stakeholder to share the same level of information and to express the same point of view.
 7. Support from external experts
 - assistance (technical, legal, methodological) from an outsider, an expert and mediator at the service of both parties (ANACT, *Agence nationale pour l'Amélioration des Conditions de Travail*, law firm or legal counsel) is beneficial.

5.4.4 Drawbacks, limitations and typical costs

There is a need to make a clear distinction between AMSE issues and JRP issues (*'Institutions Représentatives du Personnel'* i.e. both works' council issues and trade union representatives' issues):

- the AMSE agreement is negotiated spontaneously at a time when the company

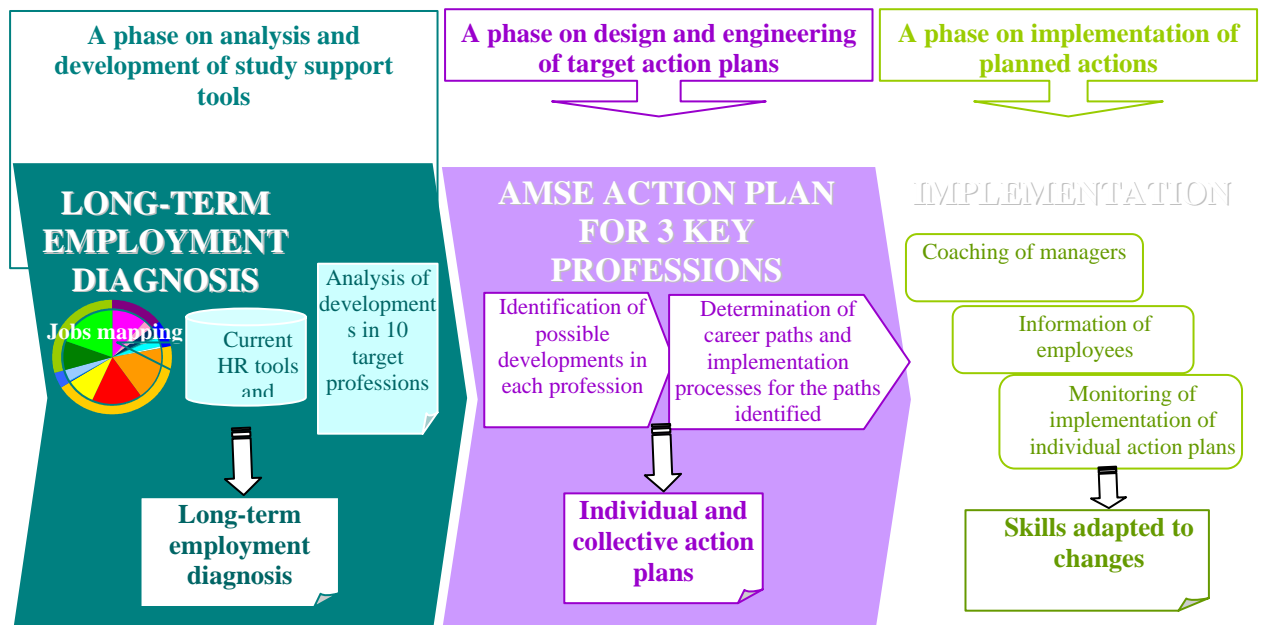
is enjoying growth;

- there is a clear distinction between short-term employment issues addressed by method agreements²⁹, on the one hand and AMSE on the other: the method agreement is mainly used to solve recorded gaps between the required needs of employees and the headcount, stressing inevitable excess staff, while AMSE is dedicated to anticipate future qualitative and quantitative needs of skills and jobs, thus to avoid these discrepancies;
- the views of management and trade unions on the information to be shared (strategy, confidentiality, foresight) and on the subject of the dialogue may be different;
- there is a need to take time to develop the tools for mapping, operational forward planning, and other shared tools where necessary;
- there is a need to mobilise management. It is difficult to roll out a mechanism with managers who have other priorities;
- The behaviour of managers towards AMSE issues remains quite heterogeneous, which reveals a glaring lack of social political will on the part of some managers. However, the company needs to start by equipping the managers with the means to perform the missions assigned to them;
- never underestimate the difficulty of changing the attitudes of employees with regards to:
 - mobility;
 - the adjustments needed in times of frequent changes;
 - extension of working hours.
- seeking refuge behind an AMSE system designed for experts, is an approach that remains under review and which is unrecognised by trade unions and HR officers.

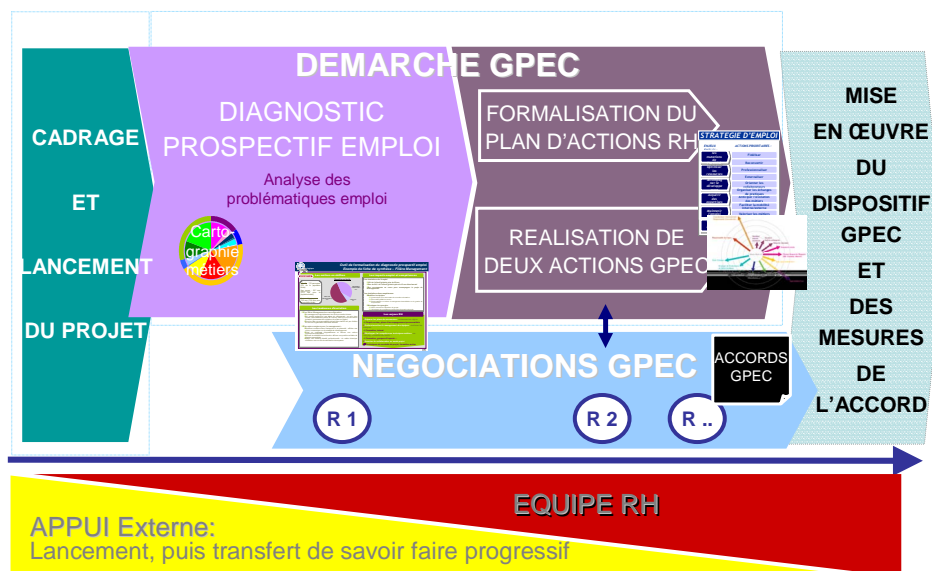
²⁹ The 'method agreement' is a provision of French labour law, giving social partners the possibility to define by agreement, a number of provisions, in cases of collective redundancies. The method agreements are intended to be negotiated and applied in companies that employ at least fifty people, so that they have a works council to anticipate the procedures of information and for consultation in case of collective lay-offs for economic grounds of at least ten employees in the same period of thirty days.

5.4.5 Examples - the AMSE approach

Industry with headcount of 2,000



Building with headcount of 7,000



Highlights and summary

- the main purpose of the Anticipatory Management of Skills and Employment (AMSE – in French *GPEC, Gestion Prévisionnelle des Emplois et des Compétences*) in a company is to establish a permanent and a shared qualitative and quantitative process aimed at adapting human resources to meet the needs of the business activity. It is a permanent action to anticipate change yet its implementation is critical in times of restructuring;
- AMSE should enable staff to acquire a deep insight into the reasons for the changes expected and to help them to take full ownership in the development of their career and their employability;
- in the restructuring process, where professional mobility actually lies at the heart of success in any restructuring operation, AMSE is particularly useful, providing the formal framework that guarantees the relevance of mobility either it is professional or geographical mobility;
- A successful implementation of AMSE requires:
 - a. a strong involvement of the firm stakeholders (HR Department, Management, trade union and works council representatives) with clearly outlined procedures for dialogue, notably the role and the responsibility of each stakeholder;
 - b. enhancing social dialogue by sharing information: i.e. setting up dedicated bodies such as AMSE committee, observatory;
 - c. an AMSE system that fits into the corporate strategy, helps to place social issues at the core of the company's strategy and thereby involve Management in social issues;
 - d. an AMSE system 'embodied' by a member of the Management team;
 - e. a mobilisation of time and resources for implementation, coordinated by dedicated staff, with means made available to monitor and supervise the implementation;
 - f. a concrete participation of management, included the middle management;
 - g. communication, information and training of the stakeholders (employees, managers) in order to enable each stakeholder to share the same level of information and to express the same view;
 - h. support from external experts i.e. technical, legal, methodological assistance.

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5.5 The Netherlands - facilitating transitions between different employment periods when redundancies are made: Sectoral Training Funds

By Valeria Pulignano

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.5.1 Presentation

Generally speaking Sectoral Training Funds (STFs); - *Onderwijs en Ontwikkeling (O&Os)* cover industry sectors and allow employers to provide training with funds collected by the training fund established by employers and governments. These funds are based on collective industrial agreements between the trade unions and the employers. In the Netherlands the application of STF is extensive. Following the principles of the Polder Model, the Wagner Commission in 1984 recommended that the vocational training system (VET) should be administered through a social partnership arrangement of a tripartite nature involving government, training providers and the business community.

In the Netherlands STF can be divided between Scholingsfondsen (training funds) and Opleidingsfondsen (educational funds). The training funds are sector-based funds funded from levies paid by individual companies, belonging to a sector, on their gross wage bill. They are focused on training and education of the employed. Employed education funds are sector-exceeding funds (i.e. set up from cooperation from different sectors) and government funds which focus on indirect promotion of training. They are financed mostly from national public finances and European subsidies (ESF). The distinction between training and education funds is, however, not that clear anymore since training funds are also now able to apply for an ESF subsidy.

There are reported being approximately 66 O&O funds operating in the Netherlands, fewer than 164 collective agreements. Most of the collective agreements also specify other training provisions, particularly with reference to on-the-job training and training for target groups in the workforce. The O&O funds are managed by collective bodies with employers and union representation. The funds are based on levies of all firms covered by the collective agreement under which the fund is established. The board of the O&O fund decides on the distribution of the money according to the different activities to be covered, this is often laid down in the yearly plan. Any collected training fund money not spent at the end of the year is added to the fund's reserves. O&O support different type of activities with the expenditures per activity differing per sector fund.

In some sectors the higher proportion of total costs is spent on an activity than in other sectors. For example, some sectors spent 100% of their expenses on training activities while others spent only 5% of their total expenses. Amongst the activities carried out by O&O funds (see Table 1) are: training for sector employees, provision of information on training-related regulation included in the collective labour agreement, research to stimulate the labour markets and training needs, working and learning trajectories in order to create learning and working places for young people, employment projects which aims to offer training to specific groups so-called at risk, such as unemployed,

employees without a minimum qualification (a diploma of secondary education).

Table 1: Type of activities carried out by O&O funds in 2004

Type of activity	Number of O&O funds	Percentage (%)	Costs as a percentage of total expenses (%)
Training	25	81	5-100
Provision of information	19	61	2-30
Research	17	55	1-15
Working and learning trajectories	15	48	10-50
Employment projects	13	42	2-20
Employability	13	42	4-20
Child care	13	42	3-23
ARBO (labour conditions)	11	36	0.5-20

Source: De Mooij and Houtkoop, 2005.

O&O funds are used to train employed people. In general, employers choose the institution/course to be followed by employees from a catalogue of different institutions approved by the O&O fund itself (institution/courses not included in the catalogue may also be approved by the O&O fund). O&O funds cover the training costs and, in some cases, indirect costs. Also O&O funds are becoming more flexible regarding eligibility and recognition of the training courses, as up to 13% of all O&O funds also reimburse general training courses intended to foster broader employability. O&O funds contribute to the Dutch vocational training system by stimulating training and employability policy in companies and reacting to training requests, mostly from individual companies. There are very few funds where individual employees can directly request training.

O&O also aim to achieve a balance in training costs in each sector, so small and large companies pay the same relative percentage. In the last few years the role of the O&O fund has moved to a more supportive and facilitating role, as other training fostering tools have been introduced (e.g. personal development accounts). With a personal development account the money is not collected through a fund but it is put in an account for each employee. For example, in the painting and decorating sector the collective agreement states that a certain percentage has to be spent on training. In this sector, the companies keep the money themselves and do not pay it to the O&O fund. The companies have to spend the money on training. If they have not fully spent the budget, then the remaining money has to be paid to the fund. A graphical illustration of the position of STF with regard to the restructuring process is the following:

Before	During	After
Permanent actions and certainly prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

5.5.2 Implementation method

O&O funds are not regulated by law as they are set up as an initiative of the different sectors through the sector collective labour agreements which stipulate the percentage of the payroll (levy) to be paid to the fund. This percentage may differ significantly from one sector to another. The levies varies by sector and range from 0.1% and 0.7% of gross wages. The Netherlands has free levies in about 60 sectors. The O&O funds are an expression of the collective regulation of training in the Netherlands. The firms

themselves provide the bulk for funding for training in Dutch firms.

The O&O funds are managed by employers and employees on a bipartite basis. Each fund has a board consisting of representatives of employer and employee organisations on a joint basis, though different social partners might be involved in each fund, depending on a sector representative bodies and structures. In most cases, O&O funds collect, allocate, control and monitor the financial resources. Some O&O funds, mostly the smaller ones, hire a bureau to perform the administrative duties, while others have the levies collected by financial service companies, often together with the pension contributions.

5.5.3 Success factors

The role of O&O is complementary with the role of the government. This facilitates the implementation of O&O funds which runs in parallel with the public authorities' task of financing training infrastructures and providing incentives to stimulate training initiatives. This is particularly true for certain groups of employees (e.g. employees without initial qualifications or elder employees). An advantage in O&O funds is that training costs are deductible from pre-tax profits and incomes for employers and individuals, respectively, so they may pay few taxes.

In the Netherlands, employers receive tax exemption from training as well as exemption from VAT for training activities. Moreover, O&O have a more supportive role towards companies, helping them conducting training within the lines set by the government. This is illustrated by the fact that in the Netherlands every sector has its own knowledge centre for education and profession, whose primary task is to translate the necessary qualities of professionals in the field to educational competences and training programmes. These knowledge centres are financed by the national government but governed by the sector representative social partners. In this respect O&O funds also function as a commissioner for the knowledge centres, developing tailor-made courses or gathering specific labour-market information. Moreover, it is often the case that both organisations (knowledge centres and O&O funds) are governed by the same individuals.

5.5.4 Drawbacks, limitations and typical costs

In 2002, almost 40% of Dutch companies were members of a training fund (not all sectors have funds or are compulsory) of which two-third of enterprises received a training subsidy. One-third may not be aware of the existence and possibilities of training funds or they may not find it worthwhile to request a subsidy. About 38% employees of the different sectors are covered by a training fund, although this percentage differs per sector. In some sectors (e.g. agriculture, energy and water and hotels/restaurants), all employees are covered by a training fund. However, there is not a training fund in all sectors/branches and not all have a collective agreement; some companies or company-chains have their own collective agreements. There is not any information on the number of total beneficiaries of Dutch O&O funds. It is suggested that employees in larger companies participate more often in training activities than those from small sizes. It is reported that temporary, less-educated and support staff (administration, secretariat, cleaning) benefit less from the activities of the O&O funds. Moreover, because of equality certain groups e.g. women and migrants, are not seen as specific targets within the Dutch context by O&O funds.

The main source of finance of STF depends on the type of fund. Training fund refer to O&O funds financed by a levy on the payroll, where these funds belong to the private sector. Usually these levies are compulsory for enterprises (if the collective labour agreement states so) although there are examples of training funds where this levy has a voluntary nature. In particular, levies are mostly paid by employers and usually as a proportion of payroll (average 0.5%) . Training funds do not normally cover the costs of training and so leave an incentive for efficiency for employers engaged in training. The funds collect the fees, although sometimes they may delegate this to an administration office. Also, training funds can have other sources of finance, such as interest, investment returns or voluntary contributions. The levies to be paid are determined by each collective labour agreement. They are dependent on the sector training needs and available resources, so levies differ per sector. All enterprises pay the same percentage, irrespective of enterprise size. Government education funds are financed directly by the responsible ministry (e.g. the Ministry of Health, Welfare and Sports finances the O&O fund in the care sector). Currently both training and educations funds can apply to ESF for subsidy.

O&O funds mainly cover direct training costs, either up to a maximum amount per year or to a percentage of the training costs (usually between 50%-80% of direct costs) so joint financing from employers is often required. The funds can provide the resources in two ways, either a fixed subsidy directly to the employer for each training day or directly to employees (via a voucher), so they can 'buy' training from a sort of training catalogue. Indirect training costs (e.g. wage costs) are not covered by all funds. About 40% of O&O funds cover travel costs, either for the total or for a fixed kilometre compensation. Finally, the costs of training materials are reimbursed by approximately 56% of existing O&O funds.

5.5.5 Examples

Case study 1 - Training and development fund for the metal industry- (OOM)

The fund was established in 1984. Its aim is to stimulate the inflow of workers and maintain and enlarge professional skills in the metal industry. This helps not only to guarantee an upgrade and development in the level of skills, and therefore to face a possible skill gap which may occur in the sector, but it also stimulates the enhancement of the level of employability of the employees. In so doing, it potentially reduces the risks of permanent unemployment which may occur in situation of restructuring while facilitating transitions from job to job in the labour market. About 13,500 companies are members with around 140,000 employees.

OOM is controlled by a board comprising of three representatives of employees' representatives of an employer organisation (*Koninklijke Metaalunie*). This joint nature implies that agreements are broadly supported, although it may take some time before agreements are reached. Generally speaking the main point of dispute is that employees' representatives seek control over training budgets whereas employer representatives prefer to retain control and determine which courses the employee can follow. The board is supported by the bureau of OOM, which executes decisions taken by the board. Of 32 people working in the bureau, 10 are active as regional managers. Once a year, the board discusses policy plans for the year, assisted by the bureau. There is also a three to five year plan including a long-term budget and vision.

The most important activities carried out by OOM are:

- supporting training activities carried out by enterprises which as indicated above

can positively help to deal with situation of restructuring by encouraging job to job transitions on the labour market. OOM provides a financial contribution to direct training costs of students following a learning-working trajectory or internship, employees in continuing training activities, and employees with a labour handicap that are reintegrating. OOM does not specify the training institutions for the courses, as it is the employer who decides. Sometimes indirect training costs are also covered;

- providing advice on training to the employees (personal development plan) and to the employers (company development plan). OOM has 10 regional managers visiting and advising companies on training issues and in setting up training plans which also contribute to enhance the level of employability of the employees. OOM also contributed in establishing *Opleidingsbedrijf Metaal* (OBM) an office where employees and employers in the region can ask questions on training and education;
- providing information on the activities of OOM via 40 information providers;
- setting up projects stimulating the inflow of new employees (either unemployed or students) into the sector, developing activities to improve the image of the sector amongst students;
- improving the quality of education by improving the alignment of regular education (theory) and practice;
- perform labour market research through its own labour market monitor, paying special attention to specific target groups, such as employees older than 45, those with a labour market handicap, young people and women.

The collective agreement of the metal and technical sector states that 0.75% of the wages has to be paid to OOM. In 2006 OOM revenue was EUR 36 Million, of which about 77% came from the levy, 16% from the different national subsidies and 7% from several investments. The levy is collected by a financial private enterprise, together with pension premiums and other social security contributions. The unspent money is invested on the stock market to obtain further revenues for the company. One of the strengths of OOM is its communication policy, based on its website, publications and personal contact. A weakness is the long time it needs to react to training applications from enterprises (about 7 to 8 weeks), although some measures are being taken to resolve this situation. OOM envisages establishing a learning budget, by which an employee can apply for training funds via the employer (approximately EUR 750 per year, per employee), so the employee will then be free to choose what training to follow (although in agreement with the employer). OOM is also developing learning companies to hire young people for education with job guarantee at companies in the metal industry. Finally, OOM is interested in extending the provision of services through the Internet.

Evaluation

Dutch O&O funds increase the awareness amongst employers and employees of the importance of training and stimulate them to participate in training activities. O&O funds also contribute to improving the quality and alignment of training courses with the sector needs. Training becomes less sensitive to the economic situation. O&O funds are sector initiatives and not imposed by somebody else. The sector approach also enables fine-tuning of training to meet sector-specific labour situations and needs. However, although levies might be compulsory in most cases, it is not the case that all enterprises benefit from training activities supported by the O&O funds. Factors impeding full access may include: lack of information on the training opportunities of the funds, lack of tuning between training supply and demand. O&O have particular difficulties in reaching SMEs. The current position of O&O is becoming weaker in the Dutch system, because of the new way for collecting and redistributing training

payments. Also the fact the Dutch contracts often state that an employer who leaves the company within a year or two has to repay part of the training costs to the employer is eroding the scope for O&O funds.

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5.6 Italy - Facilitating transitions between different employment periods when redundancies are made: Sectoral Training Funds

By Valeria Pulignano

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.6.1 Presentation

The Italian name for Sectoral Training Fund is *Fondi paritetici interprofessionali per la formazione continua* (joint inter-professional funds for the continuing training). These funds are promoted by the national social partners' representatives through specific inter-confederal agreements. Inter-professional training funds can cover specific economic sectors (e.g. agriculture, manufacturing, service and artisanal products, as well as different sectors at the same time or specific occupations (e.g. managers). The last available information indicates that at the end of 2007 there were almost 14 inter-professional funds, and, between 2006 and 2007, these increased their enrolments to "around six million workers who, every year, are able to participate in training schemes arranged by the social partners" (ISFOL, *Rapporto 2007 per la formazione continua*). The specific enterprise target of each fund is linked to the organisations involved in their foundation. The three major Italian trade unions confederations are involved in some of the existing inter-professional funds. The role of the social partners is crucial, as their training funds are founded, controlled and managed by social partners on a joint basis.

The main aim of the inter-professional training funds in Italy is to promote continuing training activities amongst Italian companies, with the ultimate goal of increasing Italian human capital value both in the workers' and companies' interests. This is done by financing (entirely or partially) the *piani formativi* (training plans) which can be for individual businesses, also with a territorial and sectoral scope, as well as for individual workers. The Italian inter-professional training funds support training plans at company, sector, territorial (for an industrial district) or individual employee basis. Training funds in Italy represent an important initiative taken jointly by the social partners to address the problems of company restructuring and improve the situation of unskilled workers in terms of training or employability. As a consequence, employers must allocate 0.30% of social security contributions paid to the National Institute for Social Insurance (*Istituto nazionale di previdenza sociale, INPS*), the so-called compulsory contribution for involuntary unemployment (*contributo obbligatorio per la disoccupazione involontaria*), to workforce training. The common objective of the funds is to promote and finance vocational training programmes at company level - for individual companies or for groups where there has been an agreement between the social partners to that effect - and at territorial, sectoral and regional levels. The funds may also finance vocational training programmes that involve workers in enterprises operating in more than one region or on a national scale. The geographical distribution of participation is still weighted heavily towards the north and centre of Italy.

The resources of each fund go to the employees of the participating, fee-paying companies. Each fund must place the resources received from INPS into separately managed accounts: one to finance the running of the fund itself (fixed at an annual percentage which differs from fund to fund, but which is not more than 8% of the total resources); and one for the financing of the vocational training projects. A director, nominated by the board of directors, is responsible for the functioning of the funds. The applications for funding of vocational training projects must be sent directly to the fund's head office or to the relevant employers' or trade union organisations. The projects are to be evaluated by a technical team set up at the fund, which must check that all the necessary requirements have been respected. The team must also take into consideration the priorities established by the fund and judge whether or not projects should be funded.

For the tertiary sector fund, which includes companies from many different areas, the four sectional committees will evaluate the projects for their specific area. Once accepted, a project must be approved by the board of directors, which will then grant the requested payment. The cost of the projects financed for each region must be proportional to the payments into the fund from the businesses in the region in question. However, each fund, while taking into consideration this stipulation, has the possibility to distribute its resources more equally on a national scale. They must take into consideration the economic situation in Italy, which varies greatly from region to region.

The centre and north of Italy, which are heavily industrialised and particularly interested in continuing vocational training, contrast considerably with the south, which has a low productive level and relatively little interest in training programmes. The risk is that only the companies located in rich regions with a strong interest in vocational training might make use of the resources available. To avoid this eventuality and encourage companies from the south to take a more positive approach to vocational training, the funds have established that a percentage of their total resources can be used to reduce this disparity between regions. This percentage varies, depending on the individual fund, from 5% (tertiary sector fund) to 20% (cooperative fund). As mentioned above, funds can also act at regional or territorial level. In this case, certain funds, such as that covering affiliates of the main employer's association 'Confindustria', will be able to utilise existing bilateral regional structures

At territorial level, in order to deal with increasingly frequent processes of reorganisation and relocation of manufacturing firms in north-eastern Italy, local authorities and the social partners have promoted the organisation of reskilling and training courses for workers involved in restructuring plans, support and counselling services, and more generally services intended to enhance local 'human capital', seeking to reconcile the economic needs of firms with the personal needs of workers.

Since 2007 in Italy and, more increasingly under the current economic crisis, there has been greater attention dedicated to the use of vocational training fund. In particular, in various sectors the recent renewals of industry-wide agreements have included provisions on the development of permanent training programmes, recognising, in many cases, intersectoral continuous vocational training funds as the main instruments with which to develop training schemes and cope with the crisis. Collective bargaining, above all at national level, increasingly recognises the intersectoral continuing vocational training funds as important means to ensure suitable levels of skills and qualifications amongst workers.

A graphical illustration of the position of inter-professional training funds with regard to the restructuring process in Italy is the following:

Before	During	After
Permanent actions and certainly prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

5.6.2 Implementation method

Inter-professional training funds are instituted by the Finance Law 388/2000 and have to be authorised by the Ministry of Labour and Social Policies by a specific decree. The 2000 Finance Law (388/00) radically changed the funding of continuing vocational training. By applying Article 17 of Law 196/97 (the 'Treu Law'), and based on the provisions of the tripartite pact for employment of September 1996, Article 118 of the 2000 Finance Law established the possibility for employers' organisations and the most representative trade unions at national level to set up funds to manage training contributions made by companies. Enterprises may choose whether to join these new inter-sectoral funds. If so, they must request INPS to pass the levy of 0.3% onto the fund they have joined. If not, the payments remain with INPS.

Under the terms of the new law, inter-sectoral funds can be set up in four areas of the economy: industry, agriculture, service/tertiary sector and artisanal production. A new law has to be introduced with regard to agriculture, as there is no system of collecting vocational training contributions from employers in this sector. The procedure necessary to set up inter-sectoral continuing training funds has two steps:

1. a first stage involving the most representative organisations at national level of employers and workers. These must conclude an inter-confederal agreement which sets the objectives of the fund and establishes the rules and regulations;
2. once set up by agreement, the fund must receive official recognition from the Ministry of Labour in order to start operating. After receiving authorisation from the Ministry, INPS will make the due payments to the new fund.

The funds are classified as 'juridical subjects of an associative nature' (*soggetti giuridici di natura associativa*) under the direct control of the Ministry of Labour. They can be used to finance continuing vocational training projects at company, sectoral and territorial level. The fund will cover 100% of the cost of projects in depressed areas (those covered by the former ESF Objective 1) and 50% in other areas. National funds can also act at regional or local level through agreement between the social partners. The law provides for public funding in order to promote the launch of the funds. However, when fully operational, they must use only the payments collected from the companies involved. The law foresees other forms of financing the launch phase of the new funds, including the possibility of using the remaining funds left from the management of the resources of the ESF. The money will be allocated between the funds which are fully operational.

Periodically, each fund issues several public calls presenting proposals for training plans. These are financed according to a programme developed by each fund for a two-year period which identifies the training priorities for the fund in the coming two years. These public

calls are extensively advertised to possible users via mail, internet, advertising, and the Italian official Gazette according to each training fund's criteria and including guidelines on the type of projects to be financed; eligibility criteria may change depending on the specific public call and training fund. Enterprises may apply for projects either individually or in groups, sometimes with the cooperation of external agents such as universities or technical schools connected with the fund. In all cases, the inter-professional fund only supports training plans (either at companies, sector or territorial level) that have been previously agreed between social partners. If the firm has trade union representatives, they are entitled to approve, otherwise the responsibility shifts to a superior level; this is usually a trade union representative at area level. Since each trade union and the major employers' association 'Confindustria' has founded their own training institutions, the mechanism unofficially favours these institutions. It is worth noting that some Italian inter-professional training funds and training institutions provide assistance to companies (e.g. for drafting the training plans). The projects are recorded by order of arrival.

Presented training plan projects must comply with the training fund's main guidelines in terms of objectives and administrative procedures, as shown in the public calls. The proposed training plan projects are then analysed by a committee, which proposes a list of the approved projects. This list is then submitted to the board of directors for their financial approval. Approved Enterprises must write a report on the training activities within 60 days from their conclusion to receive the financing in the following 30 days. Sometimes advance payments are provided.

Support training topics can be wide ranging, including core specific sector skills and competences (for just one specific sector in just one region) or horizontal competences that can apply to different sectors in different regions. The training fund monitors the actual training carried out according to the guidelines established by the fund's governing bodies. If the training does not match the approved project, the fund may recall the participants to correct the activity or even withdraw the resources assigned, in the case of advance payments. The inter-professional training funds may also support other activities such as pilot courses or preparatory activities for identifying training needs, improvement of existing training supply or definition of curricula. Such activities have been conducted, amongst others, by *Fondirigenti*, *Fondimpresa* and *Fondo Artigianato Formazione*.

5.6.3 Success factors

Of the EU-27 countries, Italian workers have the lowest level of educational qualifications and the lowest birth rate. Over the next ten years the number of young people of working age will diminish by 20%. Italy, like all European countries, must raise the retirement age in order to keep the national pension scheme in equilibrium. Continuing vocational training is therefore fundamental in adapting the professional skills of workers, in line with technical and innovative changes in the world of work, through the introduction of a system of life-long learning which will enable workers to continue working as long as possible. One of the success factors of this new fund is to allow an increase in the number of workers who participate in training. Moreover, the direct involvement of the social partners in the management of vocational training act as a significant vehicle for increasing their role in the management of the labour market.

5.6.4 Drawbacks, limitations and typical costs

One of the main limitations of the fund is the fact that some funds are not particularly good

at integrating groups of micro and small businesses in each training plan, which results in a low number of companies per plan and a low number of employees per plan.

The beneficiaries of training funds are the businesses participating in training plans and employees working in these companies. However, women may be represented not very well because of their low level of participation to the labour market, typical of southern European countries. The inclusion of temporary workers in the fund depends upon the period they have been working in the company (usually nine months). The fund is also concentrated on middle-aged employees (older and young workers tend to be excluded).

According to the available data, the total financial resources transferred to the Italian training funds up until September 2006 amounts to EUR 750 million.

5.6.5 Examples

‘Fondimpresa’ was funded in November 2002 by CGIL, CISL and UIL, the three national trade union confederations and Confindustria, the national employers’ confederation. It is the largest inter-professional training fund in Italy. At the beginning of 2006, 45 909 companies employing, 53 million workers voluntarily joined Fondimpresa. In the first two years of activity of the training fund, important organisational restructuring took place. Different posts were assigned and several departments were created. Different tasks were externalised through several European tenders. In the initial years Fondimpresa financed mainly large training plans of regional and interregional level called PISTE (multi-regional programme of prominent sectoral and territorial interest). Fondimpresa evaluates its activities using external partners to guarantee the independence of the evaluation. The evaluation of the PISTE programme was given to ISFOL (Istituto per la Formazione Professionale).

Some points regarding the analysis of PISTE concerns:

- a remarkable success in quantitative terms. In Italy there has never been such a high number of workers involved in training activities before;
- strong capacity in the system to respond to demand focused on general and contingent themes;
- confirmation of the difficulty in accessing specific groups, such as women, senior workers (45+ or 55+) and low skilled workers. For these groups it is necessary to set specific and personalised ad-hoc activities.

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5.7 United Kingdom - Sector Skills Councils

By David Tarren (ADAPT)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.7.1 Presentation

The introduction of sector skills councils (SSCs) in the UK needs to be put into context; since the abolition, by the Conservative government in the 1980s, of industrial training boards, with their tripartite approach to vocational training and their statutory training levies, and the subsequent demise of the apprenticeship system (although recently revived by the Labour government) vocational education and training in the UK was undertaken less frequently than is the case in other European states. As for trade unions, until the establishment of SSCs and union learning representatives (see fiche), their role was limited to what they could negotiate with employers through collective bargaining; this tended to be undertaken locally rather than sectorally or nationally as with many other European states. Until 1999 there was no legal obligation for an employer to recognise a trade union in the UK, let alone discuss training, regardless of the union membership density within a company. Therefore the introduction of SSCs in 2003 heralded a radical departure from recent government approaches and as did the involvement, albeit marginal, of the trade unions.

SSCs are independent, employer-led organisations that cover specific economic sectors in the UK, which seek to build a skills system that is driven by employer demand and have four key goals:

1. to reduced skills gaps and shortages;
2. to improve productivity, business and public service performance;
3. to increase opportunities to boost the skills and productivity of everyone in the sector's workforce;
4. to improve learning supply through National Occupational Standards, apprenticeships, and further and higher education.

SSCs were originally introduced by the Labour Government under license by the Secretary of State for Education and Skills, in consultation with ministers in Scotland, Wales and Northern Ireland. Each SSC must undergo a relicensing process to continue its role.

Overall they seek to ensure that training provision (from colleges and training providers) meets demand (from employers and employees). SSCs, headed by the Sector Skills Councils' Alliance, bring together industry and experts in an effort to align the available courses and qualifications with the needs of industry. There are 25 SSCs based across all sectors of the UK economy which represent 89% of the UK's workforce, and these are shown in the table in Section 5.7.2 below, together with the industries they represent.

A typical SSC board will have ten to fifteen employer seats, plus representatives from the SSCs secretariat. Trade unions are entitled legally to a seat on the board of all SSCs and share in the discussions and decision making of the organisation with a number of SSCs offer trade unions two seats. Trade unions describe their relationship with employers and SSCs as partnership oriented in those sectors of the economy where they traditionally have had a high membership.

The role and purpose of SSCs

Sector Skills Councils are chiefly responsible for three areas of work:

1. analysing the skills industry and qualifications needed by both employers and employees;
2. establishing the content of qualifications;
3. forecasting the skills required within the sector.

SSCs achieve these aims by contributing to the development of National Occupational Standards, the design and approval of apprenticeship frameworks, brokering sector skills agreements and creating sector qualification strategies. One of the key functions of all SSCs is to produce accurate labour market information (LMI) which is essentially long-term projections for the future for the industries they represent so that qualifications and occupational standards can meet these future demands.

Table to show all 25 SSCs and the sectors they cover

SSC	Sectors	SSC	Sectors
Asset Skills	Facilities management, housing, property, planning, cleaning and parking	People First	Hospitality, Leisure, Travel and Tourism
Automotive Skills	Automotive retail industry	Proskills	Building Products, Coatings, Extractive and Mineral Processing, Furniture, Furnishings and Interiors, Glass and Glazing, Glazed Ceramics, Paper and Pulp and Printing

Cogent	Chemical and Pharmaceutical, Oil, Gas, Nuclear, Petroleum and Polymers	Semta	Science, Engineering and Manufacturing Technologies
Construction Skills	Construction industry	Skillfast	Fashion and Textiles
Creative and Cultural Skills	Advertising, Crafts, Music, Performing, Heritage, Design and Arts	Skills Active	Sport and Recreation, Health and Fitness, Outdoors, Playwork and Caravanning Industry
e-Skills	Business and IT	Skills for care and development	Social Care, Children, Early Years and Young People's workforces in the UK
Energy and Utility Skills	gas, power, waste management and water industries	Skillset	TV, Film, Radio, Interactive Media, Animation, Computer Games, Facilities, Photo Imaging and Publishing
Financial Services	Financial Services, Accountancy and Finance	Skills for Health	UK Health
GoSkills	Passenger Transport	Skills for Justice	Policing and Law Enforcement, Youth Justice, Custodial Care, Community Justice, Courts Service, Prosecution Services and Forensic

			Science
Government Skills	Central Government	Skills for Logistics	Freight Logistics and Wholesaling Industry
Improve	Food and Drinks Manufacturing and Processing	Skillsmart Retail	Retail
Lantra	Environment and Land-based	Summit Skills	Building Services Engineering
Lifelong Learning	Community Learning, Education, FE, HE, Libraries, Work-based Learning and Training Providers		

A total of 11 SSCs have been granted the right to establish a national skills academy which will act as a one-stop shop for the industry and employer-led centres of training excellence, bringing together all LMI, qualifications, stakeholders and courses. Academies take different shapes and sizes from actual buildings to virtual networks and are, like SSCs, employer-led and aimed to deliver the training and qualifications employers want.

5.7.2 Implementation method

Every SSC must be relicensed by the UK government, every five years. Each SSC must produce a sector skills agreement which is an agreement (or compact) signed by the social partners which, cross references the skills possessed by today's workforce with those needed tomorrow and makes recommendations for the type of qualifications needed over the next five to ten years. It is the platform for all SSCs' activity and represents the road map for forthcoming years and must be maintained and reviewed. Each SSC must demonstrate support from industry (employers) and this can be evidenced by cash or by other means i.e. working time, meeting attendance or providing premises for meetings or events.

Employers are able to feed into the strategy of SSCs through their representation on the board of directors, which meet frequently and is also attended by the SSC Chief Executive and a number of their Secretariat. The SSC Secretariat is populated with experts from training and education, possibly from that particular sector, and will undertake research, examine training provision, build the National Occupational Standards and qualifications for the sector. These must be fit for purpose and will be endorsed by the board of directors.

5.7.3 Success factors

The factors which are key to the success of SSCs are:

- a joint approach between stakeholders i.e. employers, trade unions and training providers. Trade unions are able to use their union learning representatives (ULRs - see fiche) to create demand and stimulate interest from the workforce ;
- a link to the workplace and, if possible, to the role of ULRs and other training and education initiatives. When qualifications have been established that reflect both the needs of individuals and their employers ULRs are well placed to advertise and promote them to their colleagues at work;
- an holistic approach to training, bringing together all interested parties and funding regimes;
- funding from central government;
- employers must train and must be interested in the work of the SSC. If demand from employers ceases, the role of SSCs would be undermined.

5.7.4 Drawbacks, limitations and typical costs

The main drawback to this initiative is the lack of a requirement for employers to train in the UK or to work with the relevant trade unions. The SSC system has been built around the Government's intention to offer employers the driving seat in raising demand for training. However if employers do not want to drive this initiative due to their lack of interest in training, there is no legal requirement for them to do so. The SSC network, although hoped by the UK Government to be self financing, was established using public funds and continues to depend on public money. SSCs do generate income but not enough to be self financing.

The UK Commission for Employment and Skills determines the future funding for each SSC, based on targets and outcomes, and this money comes from Central Government. The latest funding figures available³⁰ suggest that the UK Government allocated a total of roughly GBP 75 million to the entire network of 25 SSCs in 2008/2009. This figure does not include the cost of employers and trade unions attending meetings with each SSC, which although insignificant in relation to government funding, it is still a cost to be borne by the social partners.

5.7.5 Examples

5.7.6 Bibliography

For more information visit internet: www.sscalliance.org/

³⁰ Hansard written questions 11 January 2010. Information supplied by the Minister of State, Department for Business, Innovation and Skills.

5.8 Germany - WeGebAU - Training of low-skilled workers and older employees in companies (*Weiterbildung Geringqualifizierter und beschäftigter Älterer im Unternehmen*)

Writer: Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.8.1 Presentation

In order to support the adjustment of skills to new needs, lifelong learning and the qualification standards of low-skilled and older workers, the Federal Employment Office ('*Bundesagentur für Arbeit*') started WeGebAU in 2006 following a pilot project in 2002.

WeGebAU ('*Weiterbildung Geringqualifizierter und beschäftigter Älterer im Unternehmen*') is a preventive labour market programme of Germany to reduce the risk of unemployment for older employees and low-skilled workers. The programme has the general objective to highlight the importance of lifelong learning and continuous training in order to achieve stable employment amongst this particular employment group. In this respect, WeGebAU has contributed to secured employment. The programme contributes to an increased competitiveness of companies by systematically qualifying their employees.

Aside from training of low-skilled workers, the programme tries to improve and update skills of older employees corresponding to the changing needs of the job market. WeGebAU includes a particular instrument for older workers from companies with less than 250 employees (SMEs). With financial assistance offered through WeGebAU, employees may easily access training programmes in order to gain specific qualifications. The range of qualification and training measures is broad and varies according to the needs of each employee i.e. from a short-term workshop to an entire apprenticeship programme to achieve a job title. The programme covers a particular support scheme for SMEs - if low-skilled employees of SMEs participate in training, WeGebAU reimburses the company for social insurance costs and employee absence.

Demographic change has led to a growing percentage of employees aged 55 to 64 years on the job market, who continuously need to be trained and qualified. The group of employees over 55 years has increased significantly since 2000 and in 2007 represented almost 15% of the total number of employed people. An analysis of the German unemployment figures, in which the unemployed were classified according to qualification profiles, has shown that people without formal qualification profiles are more affected by unemployment than qualified people. Deficits in education and qualification profiles may even enhance and consolidate unemployment. The demand for low skilled workers has dropped within the past years due to structural change in the economy, while many companies lack specifically qualified workers. Qualification and training is of essential importance for employment, and particularly for these two groups. In this regard, WeGebAU has been specifically designed to provide training for

older and low-skilled workers and to overcome the gap between growing unemployment rates and an increasing lack of skilled workers.

In the face of the current economic crisis, the German federal government has opened the programme to further employment groups in 2009 and has granted additional financial means.

5.8.2 Implementation method

In principal, WeGebAU is coordinated and implemented by the Federal Employment Office ('*Bundesagentur für Arbeit*'). The implementation may differ in the federal states or municipalities, where for example chambers of commerce, chambers of crafts, external training institution or consulting offices are entitled to assist in the coordination of the programme. Also, the amount of funding varies amongst the federal states. In the case of North Rhine Westphalia, the programme is coordinated by the training institution 'the Confederation of German Trade Unions', in Hamburg a European social funds coordination office will facilitate the administrative work of companies.

The WeGebAU-programme has two different target groups and approaches. Low-skilled workers are assisted to gain a job qualification certificate; training fees and a subsidy to further training costs are covered by the Federal Employment Office, according to the German Social Security Code ('*Sozialgesetzbuch*', § 77, Abs. 2 SGB III). The employer of the person undergoing training is reimbursed for social insurance costs and the employee's absence.

Older employees (aged over 45 years) of SMEs with a maximum number of 249 employees may participate in a training programme to improve and update skills corresponding to the changing needs of the job market. Training fees and under certain circumstances, subsistence costs, are covered by the Federal Employment Office, according to the German Social Security Code ('*Sozialgesetzbuch*', § 417 SGB III). In-house training is subsidised by a rate of 50%, while costs for training and qualification courses in external institutions are fully reimbursed.

In 2009, the German federal government changed the concept of WeGebAU and opened the programme to further employment groups for the subsequent two years. In addition to low-skilled and older workers, the target group of the programme was enlarged to all employees who have completed their job training or have not participated in training or qualification measures within the last four years. According to the German Social Security Code, qualified employees may, under these conditions, participate in WeGebAU, irrespective of their age or size of company. In the current economic crisis, several German companies have introduced 'short-time work' ('*Kurzarbeit*') to their workforce. The German federal government states that comparable to 'short-time work' ('*Kurzarbeit*'), WeGebAU is an opportunity to temporarily decrease costs of labour and to qualify employees at the same time. The programme is open to all employees in Germany fulfilling the general preconditions, whether on short-time work or not.

5.8.3 Success factors

WeGebAU is an important job market instrument of Germany. In 2007, 29,100 employees were successfully approved means for qualification and training measures. The numbers have increased significantly in 2008 and 2009, with 61,982 employees participating in WeGebAU in 2008. Already in the first half of 2009 (until June 2009),

49 850 employees are listed as beneficiaries of the programme.

WeGebAU is a preventive labour market programme offering funds for training and qualification projects. The potential participant may benefit from funding for a wide range of qualification and training measures, varying according to his individual needs. For example, may WeGebAU finance short-term training of only one week in the IT sector but also complete apprenticeship programme to achieve an official job title such as a three-year course as elderly care nurse or two-year course as wholesaler. Costs vary from EUR 200 to several thousand Euros.

One success factor of the programme is that SME-specific problems and barriers for training were addressed and employees were able to participate in training courses. A high number of low-skilled workers successfully applied for WeGebAU. Also WeGebAU has successfully encouraged older employees of SMEs to participate in training and has thus addressed structural challenges of demographic change. According to the Institute for Employment Research (IAB), preventive training and qualification programmes were rather unknown or seldom used by German companies. In an evaluation of WeGebAU in 2007, the IAB concluded that companies considered the programme as positive. From the 14 000 companies surveyed, 47% were informed about the programme, 24% have participated in it and 57% described their experiences as positive. When it began in 2007 it showed the lowest use rate with only EUR 61 million of the annual WeGebAU budget of EUR 200 million spent. In 2008 and especially during the economic crisis in 2009, the programme became better known amongst German companies.

According to the Hans Böckler Foundation, WeGebAU is a very important job market instrument. Employers have seldom been invited this openly to maintain and qualify their workforce during the crisis on costs of the federal employment office. The service of WeGebAU offers many significant advantages for employees and their companies. In comparison to the short-time work benefits of 60% to 67% of the employee's former net-wage, the participants of WeGebAU may even receive 90% to 100% of their gross pay. In addition, job security is given during the training and qualifications period, which can last up to 24 months according to WeGebAU.

5.8.4 Drawbacks, limitations and typical costs

The programme was funded with financial means from the Federal Employment Office with a yearly volume of EUR 200 million since 2006. With this budget, the federal employment office expects to finance qualification and training measures of 50.000 employees, with an average sum of 700 € per participant and month. In 2009, additional funds for the enlarged programme of WeGebAU were allocated under the Federal Government's Economic Package of Measures (*'Konjunkturpaket II'*). Due to the current economic crisis, the German Federal government has increased funds for WeGebAU and granted additional means of EUR 200 million per year. The total budget of WeGebAU for 2009 and 2010 reaches EUR 400 million.

The demand for WeGebAU has increased during the economic crisis. This was different in recent years, when funds of WeGebAU have not been fully utilised. In 2006 and 2008, the demand for funding only reached EUR 170 million of the total amount of EUR 200 million, and only EUR 61 million in 2007. The sudden increase may be partially explained by the enlarged target group of the programme. Large companies have only recently shown interest in the financial support for qualification and training measures offered by the programme. In the past, large companies have only rarely applied for

WeGebAU funding, criticising the administrative burden.

5.8.5 Examples

There are numerous examples illustrating the success of WeGebAU. For example, the automotive supplier SchmitterChassis in Westphalia (workforce of 65) has avoided the redundancy of over 30 employees. Upon suggestion of the trade union responsible (IG Metal), the manager, who was unaware of the programme, agreed to qualify 22 employees as welders through WeGebAU. Another example is a female employee of a paper manufacturing firm without an official job qualification, who was offered the opportunity to participate in an apprenticeship as a machine operator with by the chamber of industry and commerce. The company's management agreed to the 16-months training since it meant that she would gain a broader qualification profile. While the employee sat her exams, her income was covered by the employment office and the company was reimbursed for social insurance costs.

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5.9 Spain – Guidance and training programmes for workers at risk of redundancy

By Bernadette Bergsma de Paz

	Before	During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.9.1 Presentation

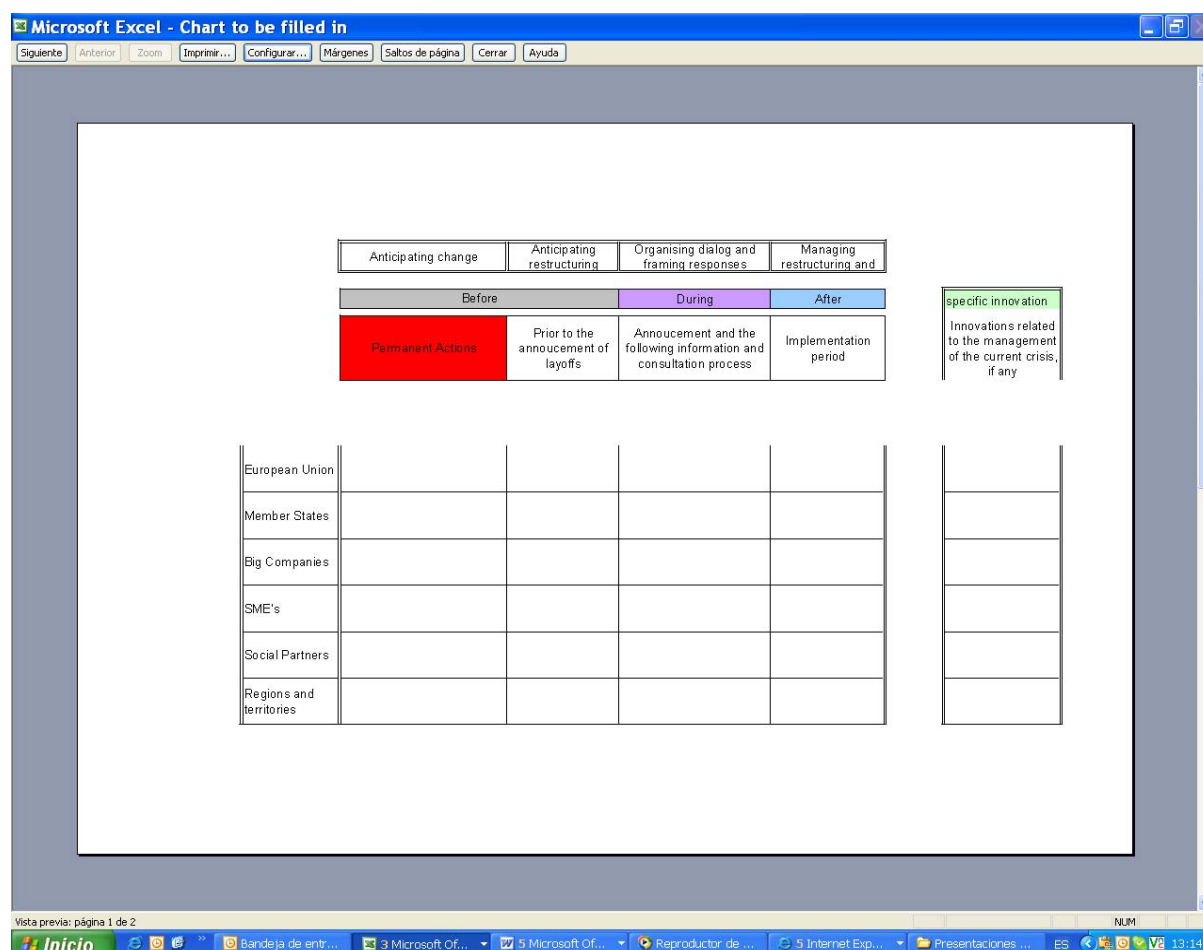
The guidance and training programmes for workers is a pack of two sets of tools, aimed at permanently retraining employed workers of companies in 'at-risk' sectors, through practical techniques.

- **Guidance:** The programme's main objective is to improve and activate the professional profile of the candidate. The actions of orientation are composed by information, motivation and advising. Throughout these three actions the main functions are to be updated, to develop job competences and to give an accurate development of the worker's career. The content of this measure covers the following aspects:
 - possibilities of training and gateways to training;
 - explanation about the outplacement;
 - possibilities of promotion through the professional training;
 - explanation about the systems of professional qualifications.

The actions undertaken are:

- individual sessions, informing about workers of the market situation;
- group sessions: these are run through several workshops, each one orientated to a different group depending on the final labour objective of each candidate:
 - workshop on the current demand in the labour market;
 - workshop analysing emerging sectors i.e. ICT;
 - workshop for those who are reaching their professional expectations;
 - workshop seeking to consolidate the worker's competences in their post.
- **Training programmes:** specific training activities are developed to complement effective ongoing training in professional competences of the workers. Depending on the detailed needs of the workers, training activities can be adapted to specific needs. These training plans are offered to employed workers with priority given to SME workers, women, victims of terrorism, people who have suffered domestic violence and people aged over 45 years old.

The role of the guidance and training programmes is to inform and guide workers in about their professional capacities, motivating them towards effective and active training that allows them to be permanently retrained, through practical techniques. Within the restructuring process, the guidance and training programmes are a permanent action to put into practice before any announcement of lay-offs.



The guidance and training programmes are implemented before the restructuring process commences. These actions are permanent because they seek ongoing training in order to inform and advise workers of job competences and possibility of professional career development.

The guidance and continuous training as two different actions have been offered in all autonomous regions of Spain since 1993. At national level these programmes for employed workers are innovative in their implementation as guidance and training are jointly proposed which have started to function last year as a pilot project.

5.9.2 Implementation method

There is no regulation for the orientation and training programmes, since it is a very recent and innovative tool, executed as a pilot project. However, the guidance actions are usually regulated by the laws of each autonomous region, whereas the training programmes are governed by the 19 June Law 5/2002 for Qualifications and Professional Training, which specifies the terms for receiving training grants for vocational training diplomas and proficiency certificates as well as terms for the infrastructure, facilities, personnel and management systems.

Actor(s) responsible for the implementation

- The autonomous regions of Spain, especially the PES of the corresponding autonomous region;
- The beneficiaries can be individuals and non-profit organisations who accredit experience during the outplacement process.

5.9.3 Success factors

The prerequisites to implementing the orientation to employed workers according to the regional law are:

- the actions must strive to retain the job post, promotion inside the company and an accurate development of their professional career;
- the actions will be within the framework of the Regional Agreement of Employment.

The prerequisites to implementing the training actions according to the rules of Decree 395/2007 are:

- companies must have credit to finance the training of their workers; the amount is calculated by applying an established percentage to the amount deposited by the company in the previous year tax submission for their estimate of professional training;
- companies allowing individual permits for training will receive additional credit according to Article 13.3 of the Decree 395/2007. The individual permits are for workers who wish to carry out training actions with an official qualification, without any cost to the companies for whom they are working since they are financed by public funds.

The guidance and training programmes, although a package, are financed from different sources; guidance is mostly financed by the autonomous region whilst the training is usually co-financed by the European Social Fund and follows the Lifelong Learning Policy of the European Union, as ongoing training is one of the structural indicators of the Lisbon Strategy for the objectives in education and training for 2010.

5.9.4 Drawbacks, limitations and typical costs

The main criticism and limitation of the tool is the difficulty to get both company and workers in the consensus of a long-term training policy inside the company. Time restrictions and lack of motivation are the main obstacles to this mechanism.

Unemployed people cannot benefit from this programme as it is designed for actively employed workers. It is also designed with preference for less-qualified workers in order to facilitate their reintegration in case of redundancy or company restructuring.

The total financing will be determined by the Law of General State Budget, the funds coming from the estimated contribution of companies and workers, the European Social Fund aids and the specific contributions established in the budget of the PES.

5.9.5 Examples

5.9.6 Bibliography

It is difficult to obtain evaluations as this is an '*Acción Laboral*' (Labour Action) pilot project which only began in 2009. However, a general description about guidance and training programmes for currently employed workers is given on the website of the Spanish Institute National Employment Service (known as INEM but now renamed SPEE standing for State Public Employment Service in Spanish).

Internet: <http://www.inem.es/inem/relint/referNet/pdfs/tema5ingles.pdf>

Cedefop, the European Centre for the Development of Vocational Training, also compiled the innovative approaches in guidance and training programmes that were presented at the conference Guidance for Workforce Development, held in Thessaloniki, Greece on 25/26 June 2007, with examples of initiatives seeking for guidance and training in competences of the currently-employed workforce Internet: http://www.cedefop.europa.eu/etv/upload/etvnews/news/2352-att1-1-report_on_career_development.pdf

Fiche Summary:

Guidance and training programmes for workers	
Who is in charge of setting up the tool or mechanism at local level?	The local government of the autonomous region.
With the help of whom?	The PES of the corresponding autonomous region supports the local government with these programmes.
What will facilitate its implementation?	Existence of funds for promoting actions.
What problems are there for its implementation?	The main criticism and limitation of the tool is the difficulty to get both company and workers in the consensus of a long-term training policy inside the company. Time restrictions and lack of motivation are the main obstacles to this mechanism.

5.10 France - enhancing basic skills: free knowledge certificates ([VISA Libres Savoirs](#))

By Central Region (France)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.10.1 Presentation

Initiating a basic skills local service for every citizen of the *region centre* (French regional authority) is aim of the project tool. Training is available to anyone over the age of 16 and who has finished their schooling. Although the tool has evolved its aims are:

- to offer every inhabitant the ability to access internet technology;
- to engage citizens in dynamic training during the restructuring process. Further steps towards securing their career path during times of economic changes is one of the challenges;
- sustaining local training on offer by bringing a complement of trainers to modernise its use and service.

5.10.2 Implementation method

Activities – these are addressed in three steps, as outlined below:

1. **Step One - the creation of a visa;** 'Visa Internet' was created as a short-term training unit, accessible to every citizen. It aimed to help people to use ICT and includes features such as emailing the family, online access to services, information on a particular subject.

The visa is based on the following:

- Evaluation/assessment – this identifies the learner's points of interest;
- a personalised training programme;
- the certificate/the visa
- a follow-up of the training action. This allows the learner to return to the training centre a few months after the training ends to refresh any aspect of the training.

2. **Step Two: the creation of a regional strategy for the development of basic skills.** As the first step was successful, Regional centre decided to create a public and local service which includes a wide range of visas. The regional centre offers a service to develop basic skills. The training is easily accessible from every location within the territory, even in remote areas. The training providers were involved in developing the strategy. Currently, nine visas exist:

- *Visa Bureautic* / Office Automation;
- *Visa Internet*;
- *Visa Eco Citoyen* (ecological citizen);

- *Visa Langues Vivantes* (Living languages learn English, Spanish and German)
- *Visa Trois en un – Lire écrire Centre, Maths and raisonnement logique Centre* (Three visas in one - reading, writing and mathematics and logical reasoning);
- *Visa accueil tourisme* (welcoming tourists) particularly suitable for people with a guest house as it helps with welcoming guests and providing guests with information on the e.g. the Loire Valley and the Chateaux de la Loire'
- *Visa confiance jeune* / Building confidence for young people, suitable for promoting the skills of students entering the labour market.

3. Step Three: the strategy was widened to include businesses; in 2004, a new training law created an Individual Training Right (DIF): every employee holding an open-term contract can receive a 20 hours training per year, which he can use at his initiative. For the businesses, this new right was difficult to implement, as they are not always aware of what is being offered locally.

A network of training providers of visas was established to communicate with businesses to inform them about the initiative to and invite them to use it. The network is open to adapting their programme according to specific sectors. The crucial point is to give a local and adapted response for employees and to improve the attractiveness of training for different groups i.e. citizens, employees and employers.

Regional centre regularly makes a call for tender to training providers to design the visa. Some candidates accepted are also certified as an '*Espace Libres Savoirs* - ELS i.e. 'free basic skills space' and are able to act as a local reference. There are 26 certified ELS; their mission is to promote the regional training offered and to adapt it to the needs of the population before organising and delivering the training.

The *Region* also works with service providers to service the internet platform and to organise training for the network trainers; 300 trainers were trained in 2008 and 700 participate towards maintaining the network. The internet platform is the link for the network and each new learner has to be inducted. This tool updates training practice regarding e-learning, virtual classes and technical assistance.

Besides the ELS, other actors participate to the network and refer directly to the ELS. Any place can be used to supply the neighbourhood service. ELS can therefore work either with local libraries, town halls, or other training providers. Overall, there are more than 150 places used to host visa training and 70 training centres involved.

Target groups: the ultimate target groups are citizens and employees in the private sector. In order to access these ultimate target groups, other target groups are involved. Providers enhance the quality of the training on offer to enterprises to change their mind on training, by providing them with a short-term, neighbourhood offer.

5.10.3 Success factors

The tool is a clear success and is much needed for qualification levels amongst the regional population, which is below the French national level.

The initiative involves many stakeholders in the region working towards the same objective - to improve, modernise and balance the quality of the training offer. It reaches a wide range of citizens in order to address skill needs. It involves businesses for which

the *Region* does not have legal responsibility and which are quite difficult to reach as a target group.

5.10.4 Drawbacks, limitations and typical costs

The wrong perception of training still exists in the area but the tool is a means to change this perception. Employees can also have the wrong ideas about training. The personalised process is a response to encourage them into training and show that is differs from old-fashioned, more traditional ways of learning in the school system which they may have rejected.

The difficulties are identified through the population accessing training sessions; the results show that a large percentage of beneficiaries of the service are composed of retired people - active people are difficult to reach and may have less free time to benefit from this initiative. Another target group which is difficult to reach is young people aged under 26 years old – take up amongst this group is low.

Another negative point may be the cost of this tool which is, beyond the purchase of training, quite expensive; EUR 1 million used for the animation and coordination of the platform which is managed by more than four teams of trainers and animators.

Training purchased: EUR 6 431 021.85

- Website, (Internet: www.libressavoirs.regioncentre.fr) animation, coordination and professionalisation of the actors: EUR 1 143 966
- ELS; to promote the regional training offered and to organise and deliver the visas: EUR 534 000.

EU funding: EUR 710 000

Overall, this tool is a permanent development and needs to reach a wider number of people.

5.10.5 Examples

In July 2009, 183 792 visas were certified since the beginning of the project for more than 100 000 individuals (some people have more than one visa).

It is a significant result since the region is made up of 1 200 000 active people and 2 600 000 inhabitants.

5.10.5 Bibliography

Internet: www.libres-savoirs.regioncentre.fr

5.11 United Kingdom – Trade Union Learning Representatives (ULR)

By David Tarren (ADAPT)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

5.11.1 Presentation

The UK trade union movement and the Government both recognise that learning has a critical role to play in supporting people to improve their standard of living and especially to help those caught in a low pay/low skill working environment. Prior to the introduction of union learning representatives (ULRs), the Government accepted that although the State can provide access to learning at further education colleges it finds it impossible to reach every constituent community. Despite their declining membership over the past thirty years, trade unions are still present in almost 50% of UK workplaces and so they are in a better position to make contact with those people who are hardest to reach.

Government policy in the area of learning and skills has very purposely sought to better align supply (provision of training) with demand (for training). The launch of the sector skills councils in the UK signaled the Government's intention to generate greater interest in training from employers, thus promoting the importance of training and increasing the demand for training by employers. The introduction of ULRs must be seen in this context – an initiative to improve demand from employees for training and development.

In the UK there are very few statutory obligations for employers to train e.g. health and safety legislation. In addition, with the exception of two sectors, there are no statutory training levies. The UK government has for some time been considering the introduction of a 'right to time off for training' in attempt to boost the UK's poor training record. It is in this context that ULRs were granted legal backing by the UK government via the Employment Act (2003). The overall role of ULRs is to promote and support training and education in, and out of, the workplace and in particular to raise interest in training amongst lower skilled workers who may have literacy or numeracy needs. By doing so the UK government hopes that these individuals will drive up the demand for training at work.

The Moser report in 1998, commissioned by the Blair government, showed that as many as seven million adults in England have difficulties with literacy and numeracy - a larger proportion than in any other western country apart from Poland and Ireland. One in five adults, the report stated, are functionally illiterate – this means that they would be unable to find the correct page for plumbers in the *Yellow Pages* (a telephone directory for locating businesses). If individuals have reading or writing difficulties they are less likely to want to, or to be able to, participate in training. Individuals in the workplace unable to participate in training, due to their lack of the necessary skills, are unlikely to report this fact to their employer for fear of being made redundant or being selected on a

skills criterion when facing redundancy. As these individuals are more likely to confide in their work colleagues, ULRs will discover issues arising at work in relation to skills before the employer. According to the Workplace Employment Relations Survey, employees are 15% more likely to report receiving training at a workplace with a union presence.

In addition government research also highlighted the fact that, depending on how it was measured, productivity in the UK was as much as 40% lower than in France, Germany and the USA and the Government was keen to improve skills across the population in order to reduce this gap.

The benefits to employees of having a ULR present in their workplace are that it gives employees regular contact with someone who they know and who may have helped them in the past; who is independent and whose advice they can trust (the 'union - member' relationship); who will treat everything they say in confidence and someone who can give advice in the familiar surroundings of the workplace and provide information about learning opportunities. ULRs are trained and are capable of representing the workforce's learning needs and interests with their employer. They are also trained to work with training providers to ensure provision meets the needs of their colleagues and they can provide up-to-date information about learning and skills initiatives from Skills for Life (literacy and numeracy) to higher education.

ULRs are a positive addition for employers as they can provide support for employers promoting the value of learning and training and are very effective at generating 'bottom up' demand for learning. Although their main role is to promote employees' needs, this can also include promoting and providing support for work-related training. ULRs can also play a role in encouraging and engaging workers who might otherwise be reluctant to discuss their learning needs with their employer.

ULRs are trained and have ongoing opportunities for related learning and networking so they gain a broad knowledge and are an inexpensive source of advice for employers. As they are seen as peers by their work colleagues they will have the confidence of the workforce and trade union involvement gives added reassurance to employees. They will also encourage broader learning to meet employees' needs.

The role and purpose of ULRs

ULRs can create demand for training in the workplace, support colleagues through learning and identify training needs of their work colleagues, especially during a restructuring exercise when individuals need reskilling or seek retraining for work when they are made redundant. When employers require employees to retrain or to move into a different role due to restructuring, ULRs are very well placed to ensure this process is undertaken with:

- due attention to equality so that all affected employees are able to take up training opportunities, not just those who already possess skills;
- confidentiality - when employees have a basic skills deficit (reading, writing and numeracy) the ULR can discretely support the worker through very basic training;
- an holistic approach so the skills needed by employees as well as their employer are delivered through the training ensuring that the longer-term training needs of the worker are met, rather than only the skills the employer requires for the immediate job.

At the end of 2009 there were around 22,000 ULRs in the UK and they have helped 220,000 workers back into learning, supported 2,300 apprenticeships and opened 220 learning centres.

5.11.2 Implementation method

ULRs are ordinary trade union members who have an interest in training and learning and who are either elected or appointed by their constituents to the role. They are given the same legal protection as other elected or appointed trade union activists in relation to redundancy, and are given the legal right to paid time off to undertake their duties.

ULRs must be given reasonable paid time off to undertake their duties and these are classified by law as:

- promoting learning at work;
- analysing the learning needs of workers;
- working with employees to support them through learning;
- preparing to undertake any of these duties.

ULRs exist to support all of their work colleagues, not only trade union members. A typical ULR will seek to promote learning at work by working in partnership with their employer. They will usually seek a meeting with their employer to discuss current employer initiatives and things they can do jointly to improve the uptake of training.

To a certain degree they are reliant upon their employer to talk and work with them, so that where employers seek to exclude the ULR they have less capacity to act. However it is in the interest of employers to include ULRs in discussions over training particularly given the added advantages of having ULRs (cited above).

ULRs might undertake a training needs analysis (TNA) to ascertain the training their colleagues require and then present this to management and then enter into discussions to construct a training programme to meet these needs. Discussions would usually take place with local training providers to ascertain the type of courses available to the employer and the costs and available government subsidies.

When an employer is considering restructuring there is no obligation to work with the trade union³¹ or their ULR. However where there is a good relationship between the social partners and a genuine attempt by employers to undertake training and involve their ULR in this process, the partnership can produce a very successful outcome, which benefits both employers and their employees.

Employees needing to access their ULR have the right to do this in work time but the employer is not legally obliged to pay them during this time.

Many ULRs are supported by their national trade union's Union Learning Fund (ULF) project. The ULF is a fund worth over GBP 7 million per year and was specifically established for trade unions to bid for money to run projects designed to improve the union's capacity to recruit and develop ULRs and to improve the union's overall effort in this area. By networking at events with other union learning representatives, ULRs will be aware of a number of local potential funding streams that they might jointly

³¹ With the exception of a very small number of specific instances, employers in the UK are not obliged to consult with trade unions.

apply for with local colleges and their employer. By working jointly with their employer and local training providers, ULRs have been able to establish learning centres in the workplace. These are usually vacant rooms within the workplace where funding can provide computers and online tutorials so that employees are able to access training and support in their own time or, depending on their employer's generosity, during work time.

When a ULR has strong support from their union and employees, and generates activity in the workplace, it is possible to negotiate a 'learning agreement' with their employer. This is a non-legally binding agreement (more akin to a pact) which will commit the union and employer to certain obligations. Learning agreements can be negotiated at national or local level, and will include provisions such as:

- stating the importance of the ULR role;
- outlining any support the employer can offer;
- sometimes they incorporate a section to provide employees time to learn at work, for example many agreements state that if employees give up an hour of their own time, their employer will match this with an hour of work time.

5.11.3 Success factors

The factors for success in this initiative are:

- open and transparent relations between the ULR and employer - the ULR is not a management tool to gain the acceptance by the workforce of employer initiatives, although they might promote these;
- general acceptance by the workforce of confidentiality of information given to the ULR;
- true partnership working - the employer must respect the role of the ULR. They are not there do to the job of the employer in his capacity of trainer, but to enhance, shape and influence this role by gauging the feelings of employees;
- reasonable time off must be honoured by the employer. This is not only required by the law, but it is essential that the ULR is given adequate time to undertake their role;
- the employer ought already to be sympathetic to training and workforce development. The law does not state that employers must train; there are no statutory training levies in the UK (with the exception of construction and film making).

Some employers are reluctant to give ULRs sufficient time off to undertake their role. Employers will incur costs in terms of providing paid time off for ULRs and unpaid time for employees to meet them. Nevertheless, employers are likely to see benefits in the form of increased productivity, lower staff turnover, increased job satisfaction and higher added value products and services as a result of a better trained workforce and improved industrial relations.

5.11.4 Drawbacks limitations and typical costs

The disadvantages of this initiative arise as a result of the voluntary nature of British employment relations; the nature and form of the relationship between employers and trade unions in the UK is determined by the parties themselves. There are very few instances where the country's legal provision obliges employers to inform and consult

with trade unions – there is certainly no legal obligation for an employer to negotiate with a trade union over training or lifelong learning. Therefore unless there is a good relationship between the two parties, the role of the ULR is very limited.

The costs of ULRs are shared between the employer and their trade union in the sense that the employer must, by law, offer the ULR paid time off to undertake their duties and the trade union will offer the ULR training and further development.

5.11.5 Example

The closure of 'BankUK's' contact centre in the north east of England in 2004 provides a good example of the relationship between ULR and restructuring. See *'Employability in the context of Offshoring: A case study of Union Learning in the UK Banking sector'* Geof Luton, (Working Lives Research Institute), UK – (see Bibliography below)

5.11.6 Bibliography

'Employability in the context of Offshoring: A case study of Union Learning in the UK Banking sector' Geof Luton, (Working Lives Research Institute), UK

Internet: <http://www.mirerestructuring.eu/docs/CS%20Bank%20EN.pdf>

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Internet: <http://www.unionlearningfund.org.uk>

6. Fostering multi-actors and social dialogue as well as company networking

The fourth set of tools is aimed at promoting companies' openness to other stakeholders and supporting multi-actor dialogue. These tools can be designed to prepare actors before restructuring occurs or during the restructuring process, to organise dialogue and find appropriate solutions. The main difficulty to overcome is the involvement of actors beyond those operating at company level. They establish four main sub-functions:

- a. **ensuring discussions and meetings between a company and various other social and local stakeholders become commonplace** - when it comes to restructuring issues, the previously instituted relationships between affected actors facilitate mutual understanding;
- b. **ensuring common understanding and an equal level of comprehension and analysis of a situation** - stakeholders cannot consider prevention, negotiation and solutions if they cannot comprehend precisely what is at stake;
- c. **setting up a legitimate discussion and negotiation process** - as restructuring is disturbing for stakeholders, its acceptance is not spontaneous and will often rest on conditions defined during the process;
- d. **orientating stakeholders' behaviour toward the search for solutions** - whilst understanding and acceptance may not lead to action, stakeholders must be driven to respond properly to the challenge.

These tools are directly related to a company or corporation. They come as institutional devices to manage restructuring at this level. However they are, due to the stakeholders involved and by the way they are settled, diverse in nature.

The stakeholders initially involved may be companies themselves. This is the case for employer pools, as introduced in Belgium, France and Sweden. In these cases, a company is introduced into a network of companies to face its own employment variations. Stakeholders will also very often be unions or workers representatives. Tools of that kind are mainly related to social dialogue as it is promoted at European level. They will deal with information and consultation matters. Some will bring in external resources, such as experts, to deliver appropriate information if workers representatives request this, as is the case in the French and Swedish examples. It is also the case for the Austrian example, although it also finds solutions under the employer's initiative too. The communication plan is also an example of the employer's initiative alone and gives a wide view of the diversity of the stakeholders that should be taken into account.

Almost all of these tools are backed by law or by public funds. However some take place within compulsory settings, such as information and consultation provisions as in cases of restructuring in all European countries, while others are implemented by agreements or the voluntary involvement of employers.

6.1 Europe - Transnational agreements at company level

By Michel Guerre

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.1.1 Presentation

Consideration is given in this presentation to whether the growing need to anticipate developments in terms of employment, flanking measures for restructuring, and managing human resources throws down new challenges for both management and workers in transnational companies: Against the backdrop of new approaches to dialogue and corporate social responsibility, companies and workers' representatives have begun concluding their transnational social dialogue, agreeing texts in various forms, drawn up jointly for application in more than one Member State. The Commission has listed more than 150 joint transnational texts in approximately one hundred companies.

Most of these texts have been concluded since 2000. Such initiatives help to create a climate of trust and dialogue that allows balanced company policies to be developed through an approach based on partnership, in particular the anticipation of, and accompanying measures for, change. According to the Commission's view, they are also in line with the approach developed in the Commission's Communications on flexicurity³².

Through a number of initiatives, companies and workers representatives have taken into account some realities. The growing international dimension of company organisation, merger and take-over operations, the emergence of European companies, the increasing mobility of the factors of production and the ever more transnational scale of restructuring operations are bringing an ever greater need for transnational negotiation within firms.

6.1.2 Implementation method

Since 2005, the Commission has collated and analysed the transnational texts available to the public and has conducted a survey of cases covering the actors involved in concluding them. Knowledge of transnational texts is still in its infancy, and since two study seminars in 2006, the social partners have agreed on the need to continue gathering and exchanging information on the subject. The transnational texts that the Commission listed mainly deal with the following topics, in addition to the organisation of social dialogue itself:

- specific subjects such as health and safety at work, equality in employment, and data protection;

³² COM (2007) 359: *Towards common principles of flexicurity: More and better jobs through flexibility and security* (27 June 2007) and COM (2005) 120: *Restructuring and employment: Anticipating and accompanying restructuring in order to develop employment — the role of the European Union* (31 March 2005)

- restructuring, work organisation, training and mobility;
- the principles behind human resources policy and corporate social responsibility.

The texts reflect in particular the need for flanking measures to accompany developments in company structure and activities, the determination to develop social dialogue and to deal with the key social issues arising in the company. They try to respond to specific needs in terms of health and safety, financial participation, data protection and equal opportunities but deal only incidentally with wages and working hours, the key issues in national collective bargaining.

Anticipating, and providing for accompanying measures for restructuring are especially important in this process and concern more than one third of the texts agreed. Both the workers' representatives and the company management who have led this type of dialogue see it as worthwhile because it leads to a shared, overall view of what is at stake, develops anticipation, fosters a good social climate that is favourable to acceptance of change, encourages the search for innovative professional transitions and heightened security for the workers concerned.

The existing transnational texts have varied titles, such as 'joint opinion', 'joint declaration', 'draft', 'programme', 'convention', 'principles', 'framework', 'code of conduct', 'charter', 'framework agreement', 'agreement' or 'European agreement'. In 2004 the Commission drew up a typology of European social dialogue texts comprising of four major categories, cited below:³³

Research conducted for the Commission in 2008 examines 37 joint texts dealing with corporate restructuring and/or anticipation of change signed in 22 multi-national companies over 1997-2008 (with increasing numbers being signed in the most recent years). Around half of the companies concerned are based in France, with Germany, Italy, the Netherlands, the UK and the USA also represented by more than one firm. Just over half of the multi-nationals operate in manufacturing industry with most of the remainder fairly equally divided between finance and energy/utilities.

The 37 joint texts fall into the four main following categories:

- 1) Ten texts deal with the employment and social consequences of a specific planned restructuring exercise. They mainly lay down guarantees for employees, aimed at mitigating the effects of restructuring on their jobs and employment conditions. These provisions cover: avoiding redundancies (such as commitments to avoid compulsory redundancies as far as possible); guarantees linked with transfers and internal/external redeployment (such as maintenance of employment terms and conditions and/or job security for transferred employees); other accompanying measures (such as early retirement, voluntary redundancies or outplacement); and procedural rules on employee representation and social dialogue (such as arrangements on the collective agreements or representation structures to apply after a transfer).
- 2) Eleven agreements lay down principles and general rules to be applied in the event of (unspecified) future restructuring: guidelines, minimum standards, procedures and concrete measures to apply when restructuring occurs, generally with the aim of promoting job security and employability and mitigating the impact on employees. The texts provide:

³³ COM (2004) 557 of 12 August 2004

- Individual guarantees: often including commitments to avoid job losses, as far as possible, and to seek alternatives such as redeployment, geographical mobility, voluntary departures, part-time work and redistribution of working time. Where redundancies are inevitable, the texts may provide for accompanying measures such as training or financial compensation. Some focus on training as an ongoing means of managing employment so as to avoid job losses;
- Collective guarantees: These mainly relate to procedural rules for social dialogue over restructuring, with commitments to inform and consult workers' representatives, sometime specifying meaningful consultation and a right for representatives to submit alternative proposals.

3) Seven texts deal specifically or mainly with the forward-looking anticipation and management of change (in almost all cases of multi-nationals based in France, legislation provides an impetus for companies to take a 'forward-looking management of jobs and competences' approach (*gestion prévisionnelle des emplois et des compétences*, GPEC). These agreements seek to establish a long-term employment policy with a view to ensuring the future prospects of employees, whatever the organisational changes within the company. The focus is generally on assessing current jobs and skill needs, forecasting developments in these areas, and providing appropriate training. The most advanced agreements in this group provide for enhanced management of employment and skills and the anticipation of future developments, and information and consultation at European and national/local level to enable an anticipatory social dialogue on change.

4) Wider-ranging agreements that include references to restructuring and/or anticipation of change: international framework agreements (IFA) commit multi-national companies to a range of standards and principles relating to workers' rights and corporate social responsibilities. Ten IFAs include references to restructuring and/or anticipation of change. Some commit the companies concerned to minimising the employment effects of restructuring, for example through training and redeployment, and to informing workers' representatives about restructuring. Others provide for the anticipation of change, through the forward-looking management of skills and training, and through social dialogue.

EWCs are predominant as signatories of these agreements. EWCs had signed all the agreements dealing with the employment and social consequences of a specific planned restructuring exercise, most of those laying down principles and general rules to be applied in the event of future restructuring, and a number of those dealing with the forward-looking anticipation and management of change. A potential explanation is that a key aim of the EU Directive on EWCs was to create a transnational information and consultation forum relating to company restructuring; it is therefore to be expected that EWCs should be key players in agreements on this issue.

EIFs and explain are of growing importance as signatories of the agreements, often alongside EWCs, not only for wider-ranging texts – often IFAs – that include references to restructuring and/or anticipation of change, which are by definition signed by GUFs, but to the other types. EIFs especially are signing more of the agreements. Having multiple signatories to TCAs may prevent problems relating to their legitimacy and capacity to enter into agreements. That EWCs and EIFs/GUFs sign TCAs is unsurprising, as there are no European-level trade union representatives or shop stewards in companies, and an ad-hoc solution must be found in each case. To deal with such situations, the European Metalworkers' Federation (EMF) has developed recommendations (agreed in 2005) for transnational negotiations in companies on

restructuring, and the relationship between national union representatives, the EMF and EWCs in such cases (based on the experience of General Motors).

National trade unions may be involved in agreements. Where they sign TCAs, it may be to ensure that the accords are binding at national level.

6.1.3 Success factors

Various circumstances exist where the agreements are signed. The conclusions of a workshop on TCAs on restructuring and anticipation of change organised by the European Commission suggested that, in the cases examined, the context for signing these agreements was generally one of positive rather than traumatic restructuring. Further, in some companies concerned, the parties saw agreements as developing naturally and logically from constructive dialogue between them. However, these observations do not apply in all companies with transnational agreements. In some cases, the processes that led to the agreements were more challenging, requiring a move along a learning curve, and in a number of cases they were adversarial: negotiations may fail – there is no guarantee of success and the process is neither linear nor predetermined. Success depends on the particular experience, and particularly on trust-based relationships, between workers' representatives and management, amongst workers' representatives, and within management.

6.1.4 Drawbacks, limitations and typical costs

Commitments vary considerably, ranging from joint declarations of general principles to the explicit determination to give legal force to binding provisions of transnational company agreements. Certain transnational texts function as a framework, laying down objectives for the procedure for implementation which is left to the discretion of, or negotiation by, local parties.

This diversity has led to a debate on the type of commitments agreed upon by the parties signing transnational texts and on what effects they expect such texts to produce. Some representatives of employers' organisations have argued that the texts agreed are declaratory, not intended as collective agreements, that transnational texts can only lay down general guidelines and are not intended to establish precise rules that are directly applicable.

Irrespective of the intention of the parties signing them, the issue of the legal effects of transnational texts needs to be looked at. In the present situation this is a complex matter, which, depending on the content of the texts in question, is conditional on the national framework that may apply, whether or not they are signed by national trade unions and whether or not there is unilateral commitment on the part of the employer.

What makes a 'collective agreement' varies significantly from one Member State to another. National law also varies as regards to the legal effect of collective agreements. Such differences should also prompt reflection on the existing texts and on a possible Community instrument, which should take account of the risk of interference with national industrial relations systems and explore the possibility of making provision for transnational company agreements to have the same sort of effects as company agreements concluded at national level.

At the study seminars held in 2006 and in internal resolutions adopted since 2005, the European trade-union organisation, which believes the role of the trade unions cannot be circumvented, highlighted their special concern regarding the issue of the actors in the negotiation. The type of actors involved and the process followed in concluding transnational texts also pose a problem for the company negotiators, who need to innovate to ensure the text agreed is accepted as widely as possible and has the biggest impact. The issue of the actors is thus crucial for the development of transnational company agreements. More generally, it is crucial from the viewpoint of the construction of a transnational culture amongst players from different countries who contribute to an understanding where local stakes should be put in perspective with the global context as well as open practices learnt from diversity.

6.1.5 Examples

Two examples of innovative agreements are presented in the following fiches:

- Ford Europe (see Fiche 6.2)
- Schneider Electric (see Fiche 6.3)

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6.2 Europe - The Ford Europe transnational agreement

By Michel Guerre

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.2.1 *Presentation: Anticipating change and restructuring: 'shop floor' based agreements*

Ford Europe is the European division of the USA-based automotive company. Manufacturing units are established in Belgium, France, Germany, Spain and the UK. Since 2000, management and EWC have negotiated agreements dealing with a series of specific planned restructuring exercises. In each case, national negotiating bodies and workers' representatives delegated the authority to negotiate to the EWC.

6.2.2 *Implementation method*

Part of the background of the practice of transnational company agreements may be in the company culture, since there is a tradition at Ford in the USA of strong cooperation between management and unions. Management is concerned that there is a stable, enduring, trust-based relationship with the unions. This is also its aim in Europe. Reflecting this culture, over the years since the EWC's creation in 1996, information and consultation processes have become full and open and this may be seen as a form of anticipation of change. Employees' representatives are given a clear picture of the company's plans, while managers have come to see the EWC as a valuable partner and count on their relationship with it.

Within this cooperative context, there is a specific reason why management and the EWC have signed European agreements on restructuring. Within Ford, major decisions are not taken at the level of national subsidiaries, but at USA or European headquarters. Trade unions and employees' representatives therefore see a need to deal with important restructuring matters at supranational level, believing that a European solution will be more beneficial for the employees than national negotiations. A European agreement can embody the best practice found around Europe. Another factor may be that the Ford EWC is marked in many respects by the German industrial relations tradition.

Processes before and after an agreement

The conclusion of the TCAs at Ford has required national unions to delegate negotiating powers to the EWC. The national unions control the process, as they must approve any agreements, but they allow the EWC to negotiate on their behalf. However, the EWC negotiates only on matters that are genuinely European in scope, affecting more than

one country, and not on purely national issues. On the management side, the European restructuring agreements also affect Ford operations outside Europe, and require the consent of headquarters management in the USA.

6.2.3 **Success factors**

All the agreements have contained clauses allowing for their renegotiation and many have been renegotiated. In accordance with changing circumstances, management initiated renegotiating for compensatory measures, especially where previous commitments could no longer be met.

6.2.4 **Examples**

The main agreements signed are:

- *2000: spin-off Visteon*

Ford was planning the spin-off of its automotive components division, which was to become Visteon. In parallel with similar negotiations in the USA (with 'United Auto Workers (UAW), the Union for Automotive industry), European management and the EWC concluded an agreement on the spin-off's consequences for European employees' status (including pay and conditions), employee representation and sourcing. The agreement, which also provided for the establishment of an EWC at Visteon, formed the basis for subsequent national agreements, ratifying the European accord.

- *2000: transfer of activities*

Manual transmission production activities in France, Germany and the UK were transferred to a new joint venture with the Germany-based Getrag group (Getrag Ford Transmissions - GTF). Management and the Ford EWC negotiated an agreement, which guaranteed that Ford employees transferred to GTF would remain on Ford employment contracts. The agreement also included commitments by Ford for sourcing from GTF and on investment in new technologies. The European agreement was ratified at national level. A supplementary agreement relating to GTF was signed by management and the Ford EWC in 2003.

- *2006: 'pan-brand' engineering*

Ford of Europe decided to further develop its 'pan-brand' engineering activities, with the alignment of two engineering locations in Germany and the UK. Management and the EWC reached an agreement containing commitments on maintaining employment levels as a result of the alignment, and on reinvesting savings made as a result of the project. It also provided for support for employees required to redeploy, either between locations or to different technical functions. The European agreement was ratified at national level.

- *2008: new 'global product development' strategy*

Management and the Ford EWC signed an agreement relating to the company's new 'global product development' strategy, which affected its product development and purchasing departments. The agreement defined the competences required of employees and assigned 'lead responsibilities' under the strategy. It provided for an agreed balance between in-house, agency and outsourced expertise and competences in the new structure. Further, the agreement provided for updates on the strategy's development to be provided at EWC meetings.

The agreement signed in 2000 was the first agreement including substance in a multinational company at European level. This agreement dealt with concrete and binding rules applying to jobs and production. Despite jobs losses, workers transferred to Visteon remained employed. The agreement also led the way for later negotiations on new issues in the company as well as an agreement on social rights and CSR (2003).

6.2.5 Drawbacks, limitations and typical costs

TCAs signed at Ford have no legal status. Listening to union-side comments, if management were to fail to meet commitments in the European agreements – or fail to reach a supplementary agreement with the EWC amending these commitments – the EWC acknowledges that it would be very difficult to take the matter to court. Therefore national management has ratified all the European agreements and national employee representation bodies and/or trade unions in all countries, with the EWC taking the view that, should management not meet any commitments, court cases could potentially be brought simultaneously in several countries. However, the EWC accepts that this may not be realistic and believes that some EU-level legal framework for European company agreements would be useful.

The automotive industry is facing severe economic difficulties at present. An open question might be a perspective for a global agreement on anticipation of change.

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6.3 Europe - The Schneider Electric transnational agreement

By Michel Guerre

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.3.1 Presentation -European Agreement on Anticipation of Change

Schneider Electric, whose headquarters are in France, produces electrical-distribution and automation-control equipment worldwide. It is a global company with 200 factories around the world, R&D centres in 25 countries and 120 000 employees in more than 100 countries (49 000 employees in Europe).

The Agreement on Anticipation of Change between the Management of Schneider Electric and the European Metalworkers' Federation (EMF) was signed on July 12, 2007. The agreement was discussed with the contribution of the Bureau of the Schneider Electric EWC. The agreement stated that it had to be implemented within one year.

The content of the agreement

The agreement provides a common framework of reference for the 29 countries and 200 legal entities in Europe, based on four principles aimed at:

1. safeguarding the competitiveness of Schneider Electric and promoting the sustainable development of its existing production activities, anticipating the future together;
2. preserving and developing the employability of the company's employees; developing the necessary competence and skills of employees to enable them to adapt to new economic and strategic challenges (Schneider Electric has a competency plan, covering 14 occupational areas, looking at future developments and how they can be prepared for; the company has developed tools – dealt with in the agreement – such as a vocational skill reference system and individual competence reviews for all employees at least every three years to help them prepare for the future);
3. ensuring equal treatment for all employees, with the objective of securing their career paths and helping employees to prepare their future and to be positive;
4. putting social dialogue at the centre of anticipating change at all levels of Schneider Electric, enabling the development of joint solutions. Not everything can be predicted and, where unpredictable change occurs, social dialogue at all levels of the group should be the main tool to reduce the negative impact on employees and local areas.

The agreement provides a methodology to anticipate change. It provides for the information and consultation of the Schneider Electric EWC and national employees' representative bodies on organisational changes. This involves both 'upstream' dialogue on the company's plans and priorities, and ad-hoc information and consultation on organisational change plans likely to have an impact on employment. Local dialogue focuses on ways of preventing or mitigating any threatened job losses.

6.3.2 Implementation method - via a 'change approach'

Management and employees' representatives in each country represented on the EWC sign up to the European agreement with a view to ensuring its effective application at local level. The agreement had to be implemented in the year after it came into force, with coordination between the overall group level and Schneider Electric's local entities. A joint commission monitored the agreement's application, with the EMF delegation including the members of the EWC's bureau. This body meets once a year, in connection with EWC bureau meetings, to review the implementation of the agreement across the group. In making this evaluation, a list is drawn up of the actions that could have been undertaken in respect of each of the areas covered by the agreement, leading to the creation of a 'good practice' database to be made available to all Schneider Electric entities. On the basis of this examination, recommendations may be made for improving the agreement's application.

Transnational negotiators and national/local actors are initially separated by their challenges, interests and diversity in terms of legislations, social practices, cultures, languages and number of actors at the national level. Then, the agreement aims at enhancing dialogue between these different parties by reinforcing mutual knowledge, fostering mutual understanding, adapting the terminology and developing local appropriation. The agreement addresses three topics:

- the relationship between transnational and national and local actors;
- the relationships between local social partners (HR, WC, Unions); shared diagnosis and a joined-up approach are to be developed to set up action plans, as well as listening, and information exchange about life in the locality;
- change should be put at the core of local social dialogue.

The signatories declared that implementation of the agreement at a local level implies:

- discussions and meetings involving transnational and national as well as local actors;
- continuous debate between social partners during the transfer/translation process into local practices.

6.3.3 Success factors

6.3.4 Drawbacks, limitations and typical costs

The agreement was negotiated at the instigation of management, with the EWC. As the latter did not regard itself as a negotiating body, it decided to involve the EMF in the process. The EMF was given a mandate to negotiate by its affiliated national trade

unions represented in Schneider Electric. While the EMF signed the agreement, the EWC and its bureau were given an important role in its implementing.

For the company, the key aim was that the agreement's implementation should lead to change being at the heart of dialogue, at all levels throughout the group and that change should be seen in a positive light, rather than as something to be feared.

Application of the TCA has involved joint work in each Schneider Electric entity, interpreting and adapting it in the light of national legislation, practices and cultures. Following the signing of the agreement, communications tools had to be developed to ensure its implementation, such as guides, a glossary of terms used in the agreement in each EU language, and meetings at local level to explain the agreement.

The process of implementing and raising awareness of a European-level agreement in a group as large and complex as Schneider Electric has not been without significant difficulties. Its content is innovative and explaining it has required more than simple information for national and local management and workers' representatives. In some group entities, the agreement has been seen as limiting local autonomy through central diktat, rather than as an opportunity. Differing national cultures also exist in relation to social dialogue, which can hinder a common understanding of the agreement. In an attempt to address these difficulties, meetings have been held involving European, national and local trade unions and employees' representatives and human resources managers.

Beside the agreement's content, the process of implementation is seen as having helped to promote social dialogue within Schneider Electric at all levels. The signatories anticipated that such experience would also change the local social dialogue and the conception of 'anticipation of change' as well.

The Schneider Electric agreement was signed at a time of growth, for the company and the economy, and the question might be raised of whether the agreement is still relevant in today's more difficult circumstances, and whether it is possible to anticipate change in a situation where nothing is predictable. Anticipating change does not mean predicting the future. The agreement is based on some joint hypotheses about the future, based on the concept of vigilance as far 'up-stream' as possible. The agreement remains relevant in changing circumstances because it does not lay down ready-made solutions but provides a methodology to anticipate change. The company is now seeking to ensure that all its entities throughout Europe are prepared for change, and believes that the agreement will enhance their 'readiness for change capital'.

6.3.5 **Example** - See 6.3.2

6.3.6 **Bibliography**

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6.4 Europe - EWCs and European Framework Agreements (EFAs) at EU-level

By Valeria Pulignano

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.4.1 Presentation

Since the adoption of the Directive 94/45/EC European Works Councils (EWCs) have increasingly become an important tool for exchanging information, consultation and implementing negotiations with company managements in the case of transnational restructuring at the European level. This is developed within the framework of social dialogue because the social partners try to find a solution to the social consequences of company restructuring. Within a short period, some EWCs have acquired a crucial position in the architecture of companies' governance. In particular, as a result of new challenges stemming from the increasing complexity of business activities of globally operating multi-national companies, EWCs are also involved in the preparation and implementation of transnational framework agreements i.e. European Framework Agreements (EFAs) concluded between international headquarters of multi-national companies and global or European trade union federations (see fiche on 'Transnational Agreements at Company Level'). EWCs play an important role not only in the negotiation and the signature of these agreements (they have signed the majority of them) but also in the implementation and monitoring processes of a growing number of them. EFAs cover a great variety of issues and amongst them restructuring plays a central role.

One of the main functions of EWCs is to respond to increased transnational restructuring brought about by the Single European Act. EWCs give representatives of workers from all European countries in large multi-nationals rights of information and consultation and therefore, they establish a direct line of communication to top management. They also make sure that workers in different countries are all told the same thing at the same time about transnational policies and plans. In addition, they give workers' representatives in unions and national works councils the opportunity to consult with each other and to develop a common European response to employers' transnational plans, which management must then consider before those plans are implemented.

Formally, at least, the potential role of an EWC in the event of company restructuring is based principally on the relevant provisions of the agreement establishing that EWC. However, the 94/45/EC directive's annex lays down a number of subsidiary requirements in this area that apply to 'statutory' EWCs (i.e. those established in the absence of an agreement). The subsidiary requirements provide that, at their annual meetings with central management, statutory EWCs are to be informed and consulted on a list of issues that includes transfers of production, mergers, cutbacks or closures of undertakings and collective redundancies where these concern the multi-national as a whole or at least two of its operations in different European Member States. In addition

to these regular information and consultation process, the subsidiary requirements provide that the statutory EWC's select committee or, where there is no such committee, the EWC itself has the right to be informed in 'exceptional circumstances affecting the employees' interests to a considerable extent, particularly in the event of relocation, the closure of establishment or undertakings or collective redundancies. The EWC select committee has the right to meet, at its request, central management so as to be informed and consulted on measures significantly affecting employees' interests. EWC members representing the establishments and/or undertakings directly concerned by the measures in question have the right to participate in the meeting organised with the select committee. The information and consultation meeting must take place as soon as possible on the basis of a report drawn up by central management, on which an opinion may be delivered at the end of the meeting or within a reasonable time. This meeting shall not affect the prerogatives of central management.

A graphical illustration of the practice and position EWCs have in with regard to the restructuring process may be the following:

Before	During	After
Permanent actions and certainly prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

6.4.2 Implementation method

The functioning and content of EWCs is regulated by the European Directive 94/45/EC which applies to all companies with 1 000 or more workers, and at least 150 employees in each of two or more EU Member States. Under the above mentioned conditions the European Directive is obliged to establish European works councils to bring together workers' representatives from all EU Member States the company operates in, to meet with management, receive information and give their views on current strategies and decisions affecting the enterprise and its workforce. As indicated above Directive 95/45/EC does not include mandatory bargaining in cases of restructuring but it does establish a mandatory bargaining procedure for the constitution of a body of employees representatives for the purposes of information and consultation in multi-national companies. In so doing it has encouraged a particular form of transnational collective bargaining. The agreements for setting up EWCs constitute a unique European contribution to transnational collective bargaining and forms a large number of the transnational collective agreements at company level.

When the European Directive was launched in 1994 it gave two years for Member States to transpose the provisions into national legislation. Under Article 13, companies had until 22 September 1996 to reach voluntary agreement on establishment of an EWC. After that, Article 6 came into force, requiring special negotiating bodies to be set up and laying down rules on procedures and timing. In 1996, over 300 agreements on EWC were concluded, as companies rushed to beat the deadline for voluntary deals. In 2007, the European Commission announced in its work programme for 2008 that a revision of the Directive 94/45/Ec was scheduled for 2008 to bring the EWC provision into line with other acts, with the aim of reinforcing the role of EWCs in anticipating and monitoring restructuring operations by widening the scope EWCs have to facilitate EU-

level negotiation whilst avoiding management playing workers against each other. In February 2008 the Commission finally published a communication opening the second stage of consultation on the revision of the EWC directive. The new recast directive was approved by the Council of the European Union on December 2008. The new directive introduces important amendments to the text of legislation concerning the EWCs. In particular it:

- ensures the timely nature of information and consultation, as well as the need to ensure that they neither limit nor hamper the management's competences nor slow down the decision-making processes in companies;
- gives a more precise and clear definition of information and consultation. More specifically, with regard to information the stress is, on one hand, on its comprehensiveness and quality, enabling employees' representatives appropriate scope for examination, and on the other hand on the timing (proposed measures i.e. not decisions already taken) and the means of allowing for preparation for consultations. The definition of consultation has been supplemented by the entitlement for employees' representatives to present opinions to management. These important changes introduced by the recast directive should be analysed in the context of the general principle of shunning unnecessary delays in companies' decision making processes.

These two elements together seem to put even greater emphasis on the timely conveying of information by management which is obliged to transmit it to the EWC at a stage early enough for employees' representatives to analyse and prepare for consultation. The rule to avoid hold-ups in decision-making means an obligation for management to include information sharing at the earliest possible stage, rather than a means to circumvent or disregard information and consultation competences due to the requirement of making quick choices.

Another new element in the directive is the obligation of the central management of community-scale undertakings and of the local management (boards) of undertakings to transmit information required for commencing negotiations for an EWC. In addition, relevant innovations have been introduced with regard to widening the scope EWC have to facilitate EU-level negotiation in situation of restructuring i.e. the formal role attributed to trade unions in the negotiation for the establishment of EWC as well as the possibility the new directive offers to the trade union representatives to act in the capacity of experts to the Special Negotiation Body (SNBs). It is the responsibility of the trade unions at the European (sector) level to initiate negotiation with management for the conclusion of European framework agreements which will be implemented and monitored directly by the European trade unions at the sector level. In order to do that the EU-level trade unions industry federation needs a mandate from the national trade unions.

6.4.3 Success factors

The active role played by EWCs with regard to information and consultation can be explained by referring to the interplay of a wide range of actor-related and structural framework conditions. In particular, the level of integration of the multi-national company and the extent to which the company has spread operations across different countries in EU as well as the existence of a European management structure that corresponds with the EWC, are all features that seem to facilitate the exchange of

information and enhance the scope for consultation with regard to the EWCs so that there is a fit between the EWC and the existing management decision making structure. With regard to negotiation, an important factor, which can trigger European level negotiations, is the fact management can benefit from it as well as the support offered by the European trade union industry federations, such as the involvement to promote coordination across borders.

6.4.4 Drawbacks, limitations and typical costs

With regard strictly to the rights of information and consultation there is a general agreement about the limitations and drawbacks offered by the EWCs in case of restructuring. Thus, there is the need to intervene in order to enhance the capacity of the EWCs in terms of the development and the effective use of employees' information and consultation rights to manage the social costs of company restructuring. In this respect, the role of the Recast Directive - and its future implementation - is important. A concern remains therefore with the currently existing agreements (old type Article13). The employers' organisation has achieved a guarantee that those agreements will remain untouched and exempt from the scope of the Recast Directive. If this represents one of the employers' main priorities, then it also represents a sacrifice for the trade unions. It is a pity that all agreements signed before the implementation of the new directive will not be covered by the positive changes it introduces as this may inhibit the conclusion and the implementation of EU-level negotiation via EWC at company level.

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6.5 The Netherlands, Belgium and Italy - Workers' representative involvement in corporate governance on a permanent basis through works councils as a prerequisite to dealing with restructuring

By Valeria Pulignano

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.5.1 Presentation

The tool refers to the existence, on a permanent basis, of structures for workplace employee representation and participation to facilitate consultation with employees on the economic and financial situation of the company. The existence of statutory works councils or similar workplace employees' representative and participative structures as well as the combined national discipline on employee information and consultation is quite heterogeneous in Europe. The definition of works councils themselves differs significantly from country to country in terms of composition, decision making, election procedures thresholds, role and power of the employees' representative bodies. In Belgium, for example, works councils (*Ondernemingsraden* or *Conseil d'entreprise*) indicate a joint bipartite body composed of representatives elected by workers in the company and representatives appointed by the employer from amongst managerial staff. This is different from the Netherlands and Italy. In the Netherlands a works council (*Ondernemingsraden*) is a body composed of employees within a company, which has the task of promoting the interests both of the enterprise and its workforce. In Italy works councils (*Rappresentanze Sindacali Unitarie*) are an exclusive trade union body. Trade unions define their regulation based on the national sector collective agreement. As the result of the European Directive 45/95/EC structures of employees' representation and participation have been introduced also at the European level (see fiche on European Works Councils).

Prior and during company restructuring, information and consultation are crucial to allow employees' representatives (or works councils) to effectively be involved in the company's life from the very beginning and to expose their views and contributions with regards to all topics under scrutiny, more specifically on qualitative and quantitative employment issues. In order to effectively tackle possible negative or problematic developments which may occur in cases of restructuring, it is crucial that all those involved are concretely and effectively involved on time in the process. This helps to set up a climate of trust and mutual understanding between management and employees. The existence of a strong institutional framework with regard to rights of information and consultation is therefore considered an important precondition for the anticipation and effective management of the social effects of restructuring.

A graphical illustration of the position the structures of workplace employee representation and participation and the rights of information and consultation with regards to the restructuring process, may be the following:

Before	During	After
Permanent actions and certainly prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

6.5.2 *Implementation method*

There are major differences amongst the countries in the extent to which legislation or widespread collective agreements provide employees' representatives with rights or impose duties on company management as regards employee participation in company restructuring. Legislation plays the key role in the Netherlands and in Belgium. However in Belgium it is supplemented by inter-sectoral agreements providing for participation on specific issues (new technology). Inter-sectoral agreements between central social partner organisations play the leading role in Italy. However, in Italy while collectively-agreed provisions are the basis for employee participation on issues such as working conditions and work organisation, legislation provides for additional measures relating to matters such as the working environment or collective redundancies.

In the Netherlands, works councils are statutory. The law places a number of obligations upon employers to inform and consult with workforce representatives in the event of restructuring involving job losses. In particular, the Works Councils Act (1950) gives important rights to works councils, including the right of access to information and the right to be consulted on planned changes. The works councils also have advisory powers, which enable them to voice opinion on proposed changes, to suggest alternatives and to take initiatives. When a company takes important strategic decisions concerning company restructuring, including those relating to production levels and methods, work organisation, introduction of new technologies, new investments, company structure and employment levels, it must seek advice in advance from the works council. It must state the grounds for its decision, the consequences for the workers and the measures to be taken to deal with the social consequences of restructuring.

Dutch legislation establishes specific obligations for employee information and consultation in the event of company mergers and takeovers. Should the employer and the works council fail to reach agreement on proposals for restructuring, three options exist. The employer can:

1. withdraw the decision;
2. attempt to reach a compromise solution through negotiation;
3. elect to continue with the plan.

Should the employer decide to proceed with its plan, it is obliged to postpone implementation for one month. Within this period, the works council is able to lodge an appeal against the decision with the Enterprise Chamber of the Amsterdam Court of Appeal, which assesses whether the decision is reasonable. If the court decides against the employer, it can force the employer to withdraw the plan, cease its implementation and adopt measures to reverse the consequences as far as possible. In this case, the employer and the works council may negotiate a compromise solution. For example, the works council may agree to a restructuring on condition that the employer agrees to keep the business in question open for a guaranteed period of time. Other than in certain exceptional circumstances, the employer is bound by such an agreement. Since

the 1990s, generic 'social plans', although not automatically part of a collective agreement, have regulated the outcomes of redundancies in large companies and in some industry sectors in the Netherlands. The law does not cover these generic plans and they are negotiated between employers and trade unions. As such the parties involved consider the social plan as a contract, in the same way as a collective agreement.

As in the Netherlands, in Belgium works councils are statutory (the origin can be found in the National Collective Agreement n.9 of 9 March 1972 on works councils made mandatory by Royal Decree 12 September 1972 and 27 November 1973) and the law is more precise in laying down rules on how often different types of information should be provided. On economic and financial issues, a range of basic information on the general position of the business - such as market share, financial structure, production levels and future prospects - must be provided every four years, when the works council is newly elected. The economic information, together with the financial information (the financial statements), is updated on an annual basis, and every three months the management must present the current position and indicate how it diverges from its plans. Information on new economic or financial developments that could seriously affect the business must be presented to the works council immediately. The works council can ask for the help of the external auditor (the '*bedrijfsrevisor*'), who should give the works council a report on the annual accounts. Each year the business must also provide the works council with a social balance sheet (that is an integral part of the financial statements) setting out: the number and type of people employed, joining and leaving; details of any employment creation measures; and information on training.

Within the framework of the Renault law on the information and consultation of workers in cases of collective redundancies (13 February 1998), an employer wishing to dismiss part of its personnel for one or more reasons unrelated to the individual workers is obliged - or risk penalties - to present to the works council (or in the absence of a works council, to the union delegation, or to the workers in the absence of a union delegation), a written report expressing its intention to proceed with such a redundancy. More specifically, the employer must inform and consult the works council on cases of mergers, closures, business transfers, large-scale redundancies, training plans and the introduction of new technology, as well as other major developments likely to have an impact on employment. The employer must then allow employees' representatives to ask questions and submit arguments or counter-proposals and is obliged to respond. Finally, it is recommended that an agreement on the restructuring measures is approved with the aim of avoiding compulsory redundancies without any compensation.

In Italy, elected employees' representatives on works council-type bodies, the *Rappresentanze Sindacali Unitarie (RSU)*, are based on a central collective agreement (Article 19 of Law 300 of 1970 (the Workers' Statute) and *Giugni protocol 1993* (agreement between the three main trade union confederations) and are mainly involved in the processes of restructuring. Trade union representatives also play a role, as the RSU consists principally of trade union representatives. In Italy the scope of employee involvement in company restructuring involves rights of information and consultation on the following issues: changes in work organisation; introduction of new technology; changes with consequences for employment structure/levels. In the case of redundancies the employer should give an early written notice to the RSU and to external trade unions. This must detail the reasons for the lay-off; the reasons why the lay-off is unavoidable; the number of people to be laid off; the timetable and details of measures to help to deal with the social consequences.

When redundancies are unavoidable, there is a joint examination of the possibility of resorting to 'social cushioning' measures. These include enhancing redundant workers' retraining opportunities; boosting their qualifications; redeployment in other companies; moving from full-time to part-time work; voluntary redundancies; and reducing working time through so-called 'solidarity contracts', whereby the workforce agrees to a working time cut with a corresponding reduction in pay. If no agreement can be reached within 45 days, the Director of the Provincial Labour Directorate convenes the parties for a further review and puts forward proposals for reaching an agreement. Only when agreement with the union is reached or after all the procedural requirements have been exhausted, can the employer affect the planned redundancies. There is no obligation on the employer to reach agreement on these issues, although it should be noted that the unions can effectively suspend the redundancy procedure until the procedure is completed. The statutory framework governing redundancy in Italy is highly complicated and legislation in this area attempts to avoid redundancies by placing workers in a special State support system (*Cassa Integrazione Guadagni*) so as to delay, or avoid redundancy. Once employment is terminated, workers receive further State aid in seeking alternative employment.

A legislative-based, clear definition of what information and consultation entails, when (the time) and how (in which situations) they have to be exercised represents an important prerequisite for effective functioning of the structures of workplace employees' representation and participation in case of restructuring. Moreover, the combination of co-determination and negotiation arrangements which may be granted (together with information and consultation) reinforces the scope for a more effective influence of the above-mentioned structures in the case of company restructuring.

6.5.3 Success factors

The strong institutional setting that regulates functioning of the works councils is an important prerequisite for their effective functioning. In Belgium, for example, because of the relatively new Renault law, works councils have, in cases of restructuring, the possibility to present a proposal with regard to restructuring. This means that they are no longer faced with decisions already taken. This offers the scope to question the plan, to negotiate better social consequences as the result of change and to counter-propose alternatives. In the Netherlands the same solution can be reached as the result of the 'veto power' attributed to the works councils with regard to restructuring issues. This is not the case in Italy.

6.5.4 Drawbacks, limitations and typical costs

The limits of the Renault law in Belgium and also of the RSU in Italy is that at the end there is still no 'veto-right' of works councils or trade unions in cases of restructuring. Real co-decision rights, such as those existing in neighbouring countries i.e. the Netherlands), are still not given to works councils in Belgium. Furthermore, although not initially a limitation, works councils can question the proposed plan of the company but will not be the negotiating body when it concerns the social plan or consequences. Works councils first serve the need for good, detailed information, but the real negotiation is in the hands of trade unions and their delegation. The following case study illustrates how information and consultation and the involvement of the works councils are a central factor of success in the management of company restructuring:

6.5.5 Example

'Company A' - a large company in the telecommunication sector in the Netherlands - has experienced three different waves of restructuring since 1998, each characterised by the announcement of compulsory redundancies. Since the beginning of the restructuring process (late November 1998), the central works councils and Dutch trade unions affiliated to the FNV and CNV confederations worked closely with management by signing agreements on the company's diverse redundancy plans. In all situations the 'social plans' included measures to compensate for most of the associated social consequences. At first it was agreed that no compulsory redundancies would take place amongst permanent staff, in view of the fact that the company had stopped recruiting external staff. Permanent staff also received help in finding new jobs over the coming two years. On 17 November 2001 a second agreement was reached to deal with the social consequences of the second wave of restructuring. As a result the number of compulsory redundancies was reduced from a proposed 4,800 to 2,800. To this end, all levels of staff accepted lower pay over a two-year period. Managerial staff suffered a 15% salary reduction and the pay cut amounted to somewhere between 2.5% and 10% for lower-level staff. Furthermore, in the year ahead, employees would not be awarded a salary increase or any form of profit sharing. However, the company allocated between 400 and 1,000 share options to each of its employees as compensation for these measures.

To deal with the third wave of restructuring, a new collective agreement was reached in 2005 between the management and the central works council. It re-outlined the engagement of the local social partners to avoid compulsory redundancies by retraining staff in order to fill alternative functions within (and outside) the company. As part of a two-year agreement (the so-called *Mobiliteitsakkoord* or Agreement on Mobility) the social partners exchanged 'no forced redundancy' with a consistent package of retraining, outplacement and employability measures (or facilities) for those employees who, as a result of the 'selection on quality' presidia, were considered by management as 'not fitting with the job' and, therefore likely to be the first to be made redundant in the short term. The purpose was to stimulate voluntary resignation and minimise lay-offs.

The facilities indicated in the agreement include:

- support for employees who leave the company to find another job through interim agencies. Employees who 'do not fit with the job' receive support to find a new job. This support consists of a series of different measures, such as how to make a job application, how to look for a new employer, being introduced to potential new employers;
- compensation in addition to the salary level;
- support for employability; the company reserve extra financial support to enhance the level of employees' education, knowledge through (re)training programmes within (and across) sector.

Two factors can be highlighted as central to the management of the restructuring process:

- (a) *Information and consultation with employees and their representatives structures, in particular the works council;* the involvement of the central works council in the implementation of the 'selection on quality' measure in 2005 helped to sensitise employees to the new company's needs and to obtain consensus from them (through the works council) as well as to establish a climate of credibility between employer and employees;

(b) *Negotiation with the trade unions with direct involvement of the works council*; in comparison with the 'social plan' in 2001, the negotiation in 2005 of the *Mobiliteitsakkoord* successfully created a context where the social effects of restructuring could be anticipated and handled. The labour market measures (or 'facilities') introduced in the agreement helped employees and the employer to prepare to anticipate the social consequences of the restructuring process.

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6.6 Germany, France and Sweden – Three examples of regulation aimed at involving workers' representatives in restructuring management

By Pamela Meil

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.6.1 Presentation

This document summarises studies which present a methodology to help workers' representatives negotiating on restructuring as well as actions available to social partners and/or employees' representatives once a restructuring is announced or being implemented. The main focus of action is within the company and involves:

- negotiating the protection of the terms and conditions of employment for existing (remaining) employees;
- development of social plans and packages with the best terms possible for those being made redundant;
- development of training and retraining measures for reorientation in the labour market;
- providing access to community or regional programmes.

6.6.2 Implementation method

Four considerations are listed below:

1. During restructuring, some employees retain their jobs, particularly in systems with high levels of job protection and seniority rules.

Although often forms of early retirement or other forms of voluntary redundancy are used to reduce workforces with high levels of job protection, those employees remaining will often see a change in their job content and description as departments disappear and others merge. For works councils and workers' representatives, it is important to be involved in the negotiation of these changes to prevent downgrading, to assure fair wage agreements, to make sure that companies adhere to existing European law (for example the TUPE regulation). Particularly in cases of privatisation of formerly public sector jobs, negotiation to protect the terms and conditions of employment and prevent fragmentation of contracts is necessary. Casual workers or workers with short-term contracts are often not included in protective settings and thus fall outside of the efforts and negotiations of employees' representatives. This is a problem that should also be considered beyond the company level. HR departments should take an active role in internal job searches, with internal retraining if necessary. Negotiation efforts of social partners should also take the responsible of company HR and personnel departments into account.

2. Various types of legal provisions to form or negotiate social plans for mass lay-offs exist in several countries (e.g. Germany, France, Sweden and Austria).

In Germany, the laws protecting workers on unlimited contracts are strong; in particular workers with long tenures are difficult to dismiss. The German Employment Protection Act (Kündigungsschutzgesetz or KSchG) was passed to protect employees from mass lay-offs. Whether redundancies have to be identified as collective redundancies depends on company size (see table below). Employers must inform the local labour office of the planned redundancies 30 calendar days before implementation of the redundancies. The report for the local labour office must contain the written agreement of the works council. This presupposes that the works council must be informed by the employer in writing and in good time before the major restructuring in the business can take place.

At first, the social plan was mainly directed at severance pay. However, it is increasingly directed at creating possibilities for retraining and reemployment in the form of so-called 'Transfergesellschaften' (see fiche 'Employment Transfer Companies'). However, in Germany forming a social plan is not embedded automatically in law; it, of course, can be implemented but it is not, like in France, made compulsory by law. The employees' representatives have a key role in this regard.

In Austria, if mass lay-offs are planned in a company with 20 or more employees, the works council has the right to begin negotiation on alternatives, but the law does not obligate the parties to reach a consensus. If these negotiations are without result, the works council can demand that the employers present a social plan which includes agreed-upon measures for prevention, elimination, or reduction of negative impacts of restructuring. Normally, the parties reach an agreement on the social plan since the works council can enforce its implementation. However, if no agreement on the social plan can be reached all the negotiating partners can enlist the services of an independent mediator whose decision is binding.

In France if companies are planning to make collective redundancies (the redundancy of 10 workers or more within 30 days), workers' representatives have to be informed. In companies with more than 50 employees, a job safeguard plan (see fiche) has to be carried out (mitigating the effects of restructuring). Although workers' representatives can respond to the plans, they have no veto rights. Negotiation under these conditions is difficult, since also means for regulating conflict in periods of redundancy are weakened.

In Scandinavia employers must make a proposal for an action plan where redundancy threatens at least ten jobs. This action plan outlines to the workers' representative ways to promote employment for the redundant workers.

	Germany	France	Sweden	Austria
Who prepares a social plan and how?	<p>Management and works council have to enter into a reconciliation of interests and a social plan (§112 BetrVG) about the upcoming changes (§111 BetrVG).</p> <p>If the reconciliation of interests fails, the Bundesagentur für Arbeit (Employment agency) has to be contacted. An arbitration committee decides about the social plan if no agreement can be reached. If both plans fail the employees can go to trial.</p>	<p>The works council has no right of co-determination concerning lay-offs but has to be informed to prepare a comment.</p> <p>Two meetings of the works council have to take place.</p> <p>The works council has the right to call a certified accountant.</p>	<p>The law on co-determination stipulates that the employer should negotiate with the concerned unions before major change that has implications for the company and the employment situation. (see fiche on job security organisation)</p>	<p>Management and works council enter discussion on a reconciliation of interests. If there is no agreement, the employer has to begin negotiating a social plan. A mediator is called in if the social plan is not accepted. His/her decision is binding.</p>

When to prepare a social plan?	<p>In a company that has more than 20 employees eligible to vote for a works council, the management must inform the works council about every employment change with essential drawbacks for the employees, and prepare a reconciliation of interests and a social plan. A social plan is foreseen (§ 112a BetrVG) when a company has:</p> <ul style="list-style-type: none"> • 20-59 employees, 20% regular employed, at least 6 employees. • 60-249 employees, 20% regular employed, at least 37 employees. • 250-499 employees, 15%, at least 60 employees. • 500 or more employees, 10% regular, at least 60 employees are made redundant because of internal company restructuring (Business-related redundancy, dissolution contract) 	<p>In a company that has more than 50 employees and wants to dismiss 10 of them or more, the management has to present the employee representation a social plan.</p> <p>If the company has more than 1,000 employees, specific measures have to be included in the social plan.</p>	<p>In Sweden employers must make a proposal for an action plan where redundancy threatens at least 10 jobs. This action plan outlines to workers' representative ways to promote employment for the made redundant workers. On the local level, the employer is obliged to negotiate on a restructuring followed by negotiating the implementation process.</p> <p>(see fiche on job security organisation)</p>	<p>In a company with 20 or more employees the works council can (but must not) demand a social plan once redundancies have been announced and no agreement on retaining employees can be reached.</p>
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3. Reskilling options for displaced workers have gained visibility and popularity in negotiating settlements.

When negotiating retraining measures, the problems for workers who have not been involved in training situations for long periods should be considered. Also special support according to educational level and age should be negotiated in the form of, for instance, transition centres. Labour markets differ in their openness in terms of acceptance of occupational backgrounds, training certifications, retraining qualifications. Workers' representatives negotiating these measures should be sensitive and knowledgeable about the situation in their region and sector, to avoid an agreement that fulfils obligations but will remain ineffective.

4. Beyond these company-centred actions, which aid in various aspects of internal and external adjustment, another measure that can be introduced into the negotiation plan is providing access to community or regional programmes for training and finding employment.

This is particularly important for restructuring actions that take place in countries with weak institutionalised systems of industrial relations, in sectors that have a low level of interest representation, and in small and medium enterprises whose works councils have few resources or where links with unions tend to be weaker.

One of the main challenges in managing restructuring effects is the coordination of various levels of support – the company level (management or HR personnel), the social partners (works council or union), and community or regional counsellors who provide access to funds, training, or employment services. The initiative to help displaced workers to access available public programmes can come from a variety of sources. In systems or sectors with low levels of workplace representation or in contexts with fewer outreach resources, such as small and medium-sized enterprises, the initiative has to come from the community or region.

In terms of measures aiding external job searches or initiatives that give support to displaced workers to start-up their own businesses, the question is who are the initiators, and where does the main responsibility lie to acquire information and assistance.

6.6.3 Success factors

Research shows that “early intervention is important when dealing with lay-offs. Dislocated workers are easier to assist while they are still employed or in their notice period than after they have been unemployed for several months.” (Hansen, 2000)

In many settings (e.g. Germany), the existence of a works council is necessary to demand implementation and to negotiate the best settlement. Therefore it is important for works councils, even in relatively small companies, to have knowledge and competence of how to negotiate the plans.

Another success factor is the quality of the follow-up during the implementation period. Employees' representatives have to devote resources and effort into monitoring how well the plans are being fulfilled with regard to reskilling, reorientation, retraining and reorientation into the labour market.

6.6.4 Drawbacks, limitations and typical costs

Existing laws regulate negotiation for institutionalised actors such as works councils or unions. Thus for contexts or sectors with weak levels of organised industrial relations, the potential for negotiation is reduced significantly. Also, SMEs are at a disadvantage even in cases where works councils exist, given their smaller resource base.

Skilling and retraining programmes have been added to redundancy programmes and social plans for reorientation on the labour market. These are positive developments, but often the programmes are not really geared toward finding new jobs. Also for those with less formal education or skills, reorientation is sometimes difficult. Age and ethnic discrimination play a role in capacities to reorient into the labour market and these are often overlooked in negotiations or the formation of programmes.

Community or regional collaborations would help in managing restructuring, but sufficient funding and training has to be made available in order to make them effective.

6.6.5 Examples

In **Germany**, the automobile manufacturer, Ford, entered into early negotiations with the works council on plans for redundancies in 2005 before the official restructuring consultation began. Apart from a number of 'voluntary' redundancies (e.g. early retirement, compensation payments), a 'no redundancy agreement' valid until 2011 in connection with a 'cost-cutting compensation package' was negotiated between the management and the works councils (Morley & Ward 2009) which avoided mass redundancies:

- wage increases under future collective agreements were to be adjusted;
- new employees and apprentices were paid according to the current collective standards in the metalworking industry;
- overtime working was incorporated into working time arrangements;
- early retirements before the statutory retirement age were agreed without financial loss;
- 150 apprentices were able to finish their training.

These measures were successful in protecting jobs, prevented downgrading and were accepted as fair wage agreements by government and public authorities.

In **Austria** a social plan was negotiated without a mediator in the case of Hirschmann Automotive in 2008. A collective redundancy ranging from 550 to 705 employees was announced. The social plan stated that some of the employees affected by the redundancies should benefit from internal occupational training programmes and be shifted to other parts of the company. About 30–40 more workers retained their jobs in the company because of this plan. (Morley & Ward 2009)

In the Austrian automobile company, internal training programmes and an in-house job placement centre providing outplacement services were set up for employees as defined in the social plan. In addition, the provisions of the social plan authorised Hirschmann to provide its employees affected by unemployment with access to the existing and for this case extended, regional reemployment plan for the province of Vorarlberg (where the company is located), the 'reemployment scheme 2000' (Arbeitsstiftung 2000) including reskilling, training and career guidance.

Also in the case of Hirschmann Automotive, its job placement centre coordinated information, guidance and job placement between jobseekers, job providers and the labour market service 'AMS' (Arbeitsmarktservice). The local office of the labour market service placed Hirschmann's employees who were threatened with job-loss in the regional 'reemployment scheme 2000'. The 'reemployment scheme 2000' supported the region of Vorarlberg, and therefore Hirschmann automotive, with career guidance, individual reskilling programmes, on-the-job training and other services. Benefits were provided by the labour market service for regular unemployed participants in the scheme for usually three years (or four years in the case of older employees), plus an additional special training allowance (Morley & Ward 2009).

Nordic models have a longer tradition with reorientation into the labour market than other industrial relations systems, which were often oriented at trying to block restructuring measures and protecting core workers. Cooperation between companies, public authorities and social partners has a long and successful tradition. The **Swedish** car company 'Volvo' announced a cut of 4,000 jobs in the south of Sweden in 2008. "The company discussed restructuring measures with the trade union and public authorities at length, with discussions focused on how to minimise the effects on workers, which production sites would be affected and future prospects. However, the company retained full responsibility for making the final decision." (Morley & Ward 2009) The early and extensive negotiations between the management, the trade unions, labour market agencies and the Public Employment Service led to a permanent support plan which was already underway before the restructuring began.

In the Swedish case, to support its workers, Volvo worked closely and throughout the whole process together with the Public Employment Service. They established an office at a factory of Volvo where counsellors provided career guidance. In addition, the cooperation focused on contacting other companies to find jobs for those who were to be made redundant. *IF Metall* and other trade unions were also involved in providing permanent support and guidance for employees at risk of unemployment. All negotiating partners of the social plan were open to alternative proposals and information-sharing on the restructuring measures. A local outplacement foundation was hired by Volvo to provide support measures. Volvo utilised 'StartKraft', an agency owned by TRR (job security organisation) which is a fund used for social support measures, to which companies pay a fee. StartKraft "ensures that each employee receives a job coach who assists them, whether they are looking for a new job, wanting to study further or hoping to start up their own business." (Morley & Ward 2009) Furthermore, Volvo offered a one-year education package with a focus on industrial production to about 160 workers and promoted mobility for senior executives wishing to change.

In State-led frameworks or social partner led frameworks, some tools and measures beyond the company level will be tapped, depending upon the sector and the situation. Works councils and unions in large companies or in highly organised systems, such as the Nordic countries, are informed about short-time work options, transfer centres, retraining initiatives, and these are offered to their members. For example, in the Swedish case, in order to share information and knowledge, meetings were held between Volvo, the trade unions, the PES, TRR, StartKraft and the municipalities. The government appointed two regional officials to coordinate measures to combat unemployment following the restructuring of the company. Apart from the case of Volvo, the Västra Götaland regional council, the Göteborg business region, the Göteborg

Regional Association of Local Authorities and the Swedish Social Insurance Agency worked together to address the situation in the region. (Morley & Ward 2009)

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6.7 France - Organising social dialogue on a regional basis through local employment committees in Rhône-Alpes

By Dominique Gaudron, Isabelle Fieux

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.7.1 Presentation

In 2004, the Rhône-Alpes regional council launched a new process called 'Territorial contracts for employment and training' (CTEF), with several aims:

- to establish links between employment and training and local development policies and tools, i.e. stop the divisions between regional policies and tools, and between regional and the local ones, and have more partnerships with the local administration;
- to give more responsibility to local leaders and facilitate social dialogue at ground level, by sharing a common framework.

The local stakeholders (unions, local company representatives, local authorities, training organisations and employment agencies) had to define a common strategy and a three-year action plan, and to analyse sectors to be developed and sectors to be restructured. This process involved all stakeholders concerned; elected representatives, unions, companies, local administration, local operators i.e. training organisations, employment agency.

The regional council took the political opportunity to mobilise socio-economic stakeholders to local economic and employment strategies. It mobilised the set of elected representatives and their partners. It gave regional funding to achieve buy-in from local governance to apply their local strategy through employment and training action plans.

The innovation is in the capacity of the regional authority to mobilise and to foster local socio-economic partnerships, an effective tool to address HR issues at ground level.

This device is not restructuring specific but is linked to the restructuring process through actions that have been organised by local employment committees to help workers who have been laid-off to get new jobs.

6.7.2 Implementation method

In each territory, for each category of stakeholder, a survey was undertaken to understand their expectations of the needs and expected impacts. A common approach began to emerge through the different points of view; the result was a common vision on the priorities and the level of satisfaction with the situation. This vision was understood during a specific meeting. The results of the different surveys for each category of stakeholder was analysed by the regional administration and shared with local representatives and other categories of

stakeholders, through large meetings; those meetings have often pinpointed differences in the vision of the local situation.

The process allowed a large debate on the diagnosis, the issues and the priorities for local public action, and the levels of coordination to be established between the different operators. The main purpose was to create a local dialogue, enabling a shared analysis of the problems and solutions to be put into a common strategy, with clear results and impacts. Subsequent meetings took place with representatives of each category of stakeholders authorised to design a steering committee and to choose a local operator in charge of coordinating the action plan. It was important to pinpoint the reorganisation and change in the working processes of the regional council's administrative services that this new approach needed, during its two-year launch.

After the political decision had been taken, one elected representative of the regional council was in charge of launching the process in each local territory, with the assistance of the regional administration. A consulting company helped to organise and monitor the process, providing tools to the regional administration leaders and helping them to reorganise to better address the issues. In each territory, a guide helped local actors to organise the local process. Currently, 27 CTEF are working on, covering the whole regional territory.

The following positive outcomes were observed:

- the results of the survey gave a clear perception to all stakeholders of each one's role for facilitating the emergence of new sectors and for better analysing the risks to employment in the region, or for better future performance for organisational restructuring;
- for the first time, clear and shared local strategies were developed and applied through robust action plans, which were adapted to the local specifics;
- the stakeholders were all clearly involved in the process and participated in monitoring activity;
- social dialogue improved and in many cases it was the first time that there had been a social dialogue at local level;
- better coordination emerged between the programmes of the different operators (training organisations, employment agency).

6.7.3 Success factors

A clear and shared collective process with all stakeholders is needed to allow stakeholders to participate in a collective action plan, rather than being responsible for their own actions, without links to similar local actors or without any coordination.

Another factor for success is to give a clear framework of reference for the process to all stakeholders and help them to work together.

Success factors - central level

- strong organisation skills to be able to adapt the regional administration's organisation to the process and support the elected representatives;
- apply a strong leadership and choose local leaders to manage the process;
- gain the support of the main political leaders throughout the process;
- give money at local level to apply regional policies according to local priorities.

Success factors - local level

- involve all stakeholders;
- choose a legitimate leader for the local committee;
- select an experienced coordinator to manage the action plan.

6.7.4 Drawbacks, limitations and typical costs

Building a common vision for a joint action plan needs time; some stakeholders do not want to be involved in collective actions, others do not always understand why it takes so much time to act collectively.

Making local governance an ongoing process is not easy; some representatives may only have very limited time to spend in this process; a strong coordinator is needed and strong political leadership.

Implementation of the method:

- EUR 150 000 - consulting fees;
- EUR 100 000 consulting fees per year for assistance to the management to help the pilot to launch and to pilot the process;
- Three to five full-time employees - human resources mobilised by the regional council.

6.7.5 Examples

The Bruche Mossig Piémont territory in Alsace built a shared platform for employment and training. It provides advice to unemployed people and organises new links between local companies to develop new skills and train people to for new jobs.

6.7.6 Bibliography

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6.8 Sweden – the Labour Consultant

By Per Tengblad

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.8.1 Presentation

Using a labour consultant is an instrument used primarily by union representatives (works councils) at company level to analyse the consequences of a proposed restructuring and to look into alternative strategies or change proposals. From a management perspective it is a way of getting a second opinion on the proposed change but also to check that ample measures are taken in connection with the restructuring.

The labour consultant is normally used in connection with the announcement of the restructuring and the subsequent information and consultation process between the unions/works council and the employer. In some instances, often where there is strong cooperation between unions and management, the consultant takes on a more anticipating role early in the process. In some cases the labour consultant is mainly used as part of the change process supporting the unions on both redeployment and organising the new restructured organisation.

A labour consultant can also be used at group and cross-country level, in the latter case, connected with European Works Councils (EWC). In most agreements on EWC there is the possibility to use an expert, which can take the shape of a labour consultant, due to the fact that the EWC has the right to be informed and consulted on cross-country restructuring.

Typical restructuring situations for using labour consultants are:

- downsizing and lay-offs;
- plant closures;
- relocation and offshoring;
- outsourcing.

Labour consultants can also be used when introducing new forms of management and work organisation (business process reengineering, lean production, TQM,) as well as for the introduction of new technology, which has an imminent effect on working conditions.

The work of a labour consultant often results in a report to the unions and the social partners at company level, in order for them to consider it in the consultation process. There is also an understanding that the employer should hold a stop in the consultation process in order for the consultant to have ample time for carrying out the assignment and to make a report (written or oral) to the unions/works council and management.

The expert competence used in labour consultancy is linked to the restructuring itself in the specific concerned industry. Traditionally the labour consultant has a management and/or economic competence as their major field of expertise, but they could also be an expert with a social science or technological background.

The work process of the labour consultant is as follows:

- defining the assignment in terms of scope, time and reporting confirmed in a contract signed by the union or works council representatives and where the employer signs to pay the costs;
- going through relevant economic and company background material important for the change decision – from auditing and annual reports to cost estimates, internal result reports and strategic documents on markets, products and technology;
- interviewing managers, middle managers and employees in the affected part of the company;
- in certain assignments, examining market aspects and seeking information outside of the company i.e. markets, competitors;
- analysing the proposal and its effects on the business, employment and working conditions;
- proposing alternative strategies including change process and redeployment measures;
- presenting the report for unions/works councils and management.

6.8.2 Implementation method

In Sweden, the right to use a labour consultant has its origin in the Co-determination Act, where amongst other things the employer is obliged to negotiate with the concerned unions before a major change. To be negotiated the change must have a clear and visible effect on the working conditions in the company. The tool and the conditions for using it are specified in the development or co-determination agreements in the different sectors of the Labour market. In these agreements, with some variations, the role and rights of the labour consultant are specified:

“Local unions have the right to hire a labour consultant for a specific mission prior to changes that have a considerable impact on the economy and employment of the company. The purpose is to give the unions opportunities to analyse the presented basis and facts and to take a position on the issues that the change [...] The consultant can either be an external or an internal expert [...] The company is responsible for reasonable costs for the consultant. Decision on appointing a Labour Consultant shall be preceded by negotiations with the employer [...] Consensus should be sought for [...] The agreement is valid for companies beyond 50 employees. Between 25 and 50 local agreements can be made.”

(From the Development Agreement in the Private Sector)

The labour consultant works directly with the concerned unions at company level. The work is paid for by the employer but the unions/works councils act as principals. Before signing a contract the employer and the unions must agree upon the contents and scope of the mission as well as the timetable and the total costs. In the State sector, the financing is being made through a joint social partner fund and the final decision being made by the unions at sector level.

A precondition for effective use of a labour consultant (LC), influencing the restructuring, is that the information and consultation process is realistic and that the employees' representatives perceive the possibilities of having a scope of action. In the Swedish agreements for instance there is a link to a redundancy situation. Restructuring without major effects upon the employees' work situation is not considered for use of the labour consultant. There is also the prerequisite that there should be a proposal or at least a very clear intention from management on the kind of restructuring planned.

It is important to mention that the use of the labour consultant in the change process is due to two important aspects of the Swedish labour market:³⁴ firstly that the unions hold a fairly strong position in terms of membership and coverage of collective agreements; secondly that the unions have a positive attitude towards change based on enhancing productivity and efficiency.

6.8.3 Success factors

Experiences and evaluations made by the leading labour consultancy company show that amongst half of the assignments lead to some kind of change – smaller or larger – in the way in which the restructuring originally was planned. This change may be on the intended structure itself or in the process of changing it.

There are some indirect effects of using labour consultants:

- union representatives can benefit from acquiring better knowledge on restructuring and its implications
- the consultant becomes an important part of the 'grief process' of the restructuring' (particularly in cases of closures and lay-offs).
- the consultant may be able to go beyond the limits of employees and union representatives in trying to understand and look into consequences and alternatives.
- if the consultant comes to the conclusion that the change is necessary, it can create a more legitimate understanding amongst the employees and help those employees affected to pull through the 'crisis curve' more quickly for new employment.

For the labour consultant to be successful in contributing to the restructuring process the following approaches should be employed:

- **involvement at an early stage in the process** - the earlier in the process the labour consultant is used, the greater the scope of its action and work can influence the process. Traditionally the labour consultant comes in during the negotiation process and after the announcement is made. In these cases the position taken by the management are often fixed. Better results are often seen if the consultant is used prior to the announcement, presenting different options and their consequences;
- **positive management attitudes towards a 'second opinion'** - from the management side, pressed for results and eager to press forward with the change, there is seldom room for reflection and looking deeply into alternative action. The LC can contribute to a second opinion, using his/her competence and external view on the organisation. In order to undertake the assignment

³⁴ The instrument could also be found in France, Germany and the Netherlands.

effectively, management needs to hold a positive attitude about the LC's capabilities;

- **the local union/works council as a competent principal** - using a labour consultant is, from the union's point of view, seldom a way for the union representatives to withdraw from the change process and trust the consultant to do the necessary job. On the contrary using a labour consultant puts higher demands on the union representatives. In order to successfully carry out of the assignment the union representatives as principals need to have a clear purpose and definition of the assignment, securing the right level of expectations;

Early in the process the union representatives need to be aware of how, what and where to use the results i.e. in direct negotiations; presented to the board of directors; and whether to inform members.

Being involved as a union representative in a time of organisational change needs time, knowledge and resources to keep track of the employer and deal with issues often not highest on the union agenda (business strategies, organisational development, management):

- **Cooperative climate in the company** - the result of the work of the LC is dependent on the relationship between the social partners at company level. A climate of trust and respect between the partners makes a better ground for the result being discussed and taken into consideration in the consultation process.

6.8.4 Drawbacks, limitations and typical costs

The LC is traditionally a part of the consultation process when the announcement is made using the result as an input to the final decision. Normally there is no support beforehand, using the LC as a permanent action. Sometimes it is used prior to the announcement, but even then as a part of the consultation process with positions already fixed. This limits the way in which unions can get support, both on a more permanent basis and during the implementation period. It also limits their use to operating in a crisis situation, where necessary measures might be too late.

Another limitation in the agreements is the fact that the local employer and union must agree upon the scope of the assignment. There is a conflict solving procedure where it can be lifted up to the central social partners for a recommendation.

There is also a problem when the mission of the consultant is to evaluate relocation issues – when for instance one site is in competition with another. In many instances this can be cross-country issues and is then solved by the fact that the principal for the LC is the unions/works council at one of the sites, otherwise it will be an issue for the EWC.

The right to hire a labour consultant is restricted in the agreement to companies with more than 50 employees but with a voluntary possibility for the local partners to make their own decision.

The time spent on with a labour consultancy varies depending on the scope of the change, the business and number of employees concerned. An estimated normal time spent for a labour consultancy assignment is 15-20 days, with a total cost around EUR 25 000.

6.8.5 Examples

Restructuring and relocation

A large company in the telecommunications industry proposed a major reduction and restructuring with site closures and relocations on a global scale. The Swedish unions in the Swedish part of the company put the assignment forward. The major change was redistribution of operations between the two Swedish sites where one of the sites would be stripped of most of its development activities, moving them to the other Swedish site 500 kilometres away. The restructuring was a combination of a new product strategy with creating scales of operations but it also included global redistribution amongst the sites. The assignment was formulated as follows:

“make a consequence analysis of the management’s proposal for organisation and staffing of the development activities in the Swedish sites.”

This was done with the goal of creating a long-term sustainable development organisation in Sweden. Issues studied and reviewed were the company’s strategic development plan including product strategy, the division of competence and responsibilities between the different sites, competence supply and market relations, costs for relocation and redeployment. Interviews were being made with management, middle management and key employees at the different sites.

Overall the assignment took two months to be completed. A report was presented both to the unions and to the management and unions together. The report contained amongst other things:

- discussion on problems, opportunities and strategies for the company in the long run, recognising this in the strategy;
- discussing short-term measures i.e. creating organisational competence and improving change management as well as building trust and confidence in the change process;
- analysing relocation and staffing issues, suggesting another way of downsizing through removing consultants rather than employees, retaining a larger number of employees in the site that was to be cut down, avoiding competence losses in the process.

The result of the process was that unions and management 'shook hands' on a joint strategy built on many issues raised in the report. Approximately 200 jobs (out of 700 suggested) were saved at the site most at risk.

Downsizing through a merger

Two large organisations in the insurance sector had merged. After the merger the managers wanted to take advantage of the scale of operations that had been created. Management’s proposal was cutting down numbers of employees at head office by almost half. Decent terms for voluntary mobility were proposed and a new organisation was put in place. The way in which the change had been driven had created a trust gap between management and personnel and the workers representatives. The assignment was formulated as:

“review the management’s proposal for reorganisation and cut downs, especially the distribution between own resources and outsourced, staffing between head office and branch offices and the relation between strategic and operational work.”

By interviewing management and middle management and analysing background material the consultant concluded amongst other things that the scale of the reductions in staff was too big in relation to the economic necessities and a lower number of necessary cut downs in the head office could be managed through voluntary lay-offs. The suggestions from the consultant were:

- a larger cut in operational costs relatively staffing costs;
- new ways of organising central/strategic tasks against operational/client-oriented tasks;
- increasing efforts for voluntary mobility;
- building better trust between management and employees.

The change process was altered, and from an original aim of downsizing around 40% of head office staff, the numbers was far less and the number of redundancies was decreased to less than ten.

6.8.6 Bibliography

The use of labour consultants is common in Sweden, the Netherlands, Germany and France and is supported by law.

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[Internet: www.stalometall.se](http://www.stalometall.se)

[Internet: www.arbetsgivaralliansen.se/PDF/samverkansavtal.pdf](http://www.arbetsgivaralliansen.se/PDF/samverkansavtal.pdf)

[Internet: www.unionen.se](http://www.unionen.se)

Fiche summary:

Who is in charge to set up and initiate the use?	The use of a labour consultant is initiated by the local union at company level
With help from whom?	<p>The union at branch level often supports choosing consultant.</p> <p>Negotiations on the terms and the assignment are performed between the local union representatives and management.</p>

What helps its concrete implementation?	<p>Good cooperation between union and management.</p> <p>Willingness from management to take in external views.</p> <p>Access to internal company reports on economy, production.</p> <p>Access to management, middle management and personnel.</p> <p>Active union representatives.</p>
What is the problem for its concrete implementation?	<p>Companies under 50 employees are excluded from the agreement. Coming in too late to really influence the decision process. Rigid deadlines for the implementation.</p> <p>External effects, such as drops in demand on the market, limiting alternative possibilities.</p>

6.9 France - Works Council Expert (labour consultant)

By Dominique Paucard and Maxime Petrovski (Syndex)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.9.1 Presentation

In France, works councils have the right to order in expertise conducted by a chartered accountant (*expert-comptable*) of their choice. In theory, this right has been in place since 1946 allowing workers' representatives to better understand the accounts and financial information of their company. However, it became truly operational in 1982 when French law more precisely defined the roles and the rights of the works council and its expert. Since then, the role of the works council is to:

"ensure the collective expression of the workers and to allow their interests to be taken into account in managerial decisions."

To make this possible, the works council must be informed and consulted with on numerous occasions. First of all, the process of collecting information and consultation is compulsory regarding the general economic situation and the financial statements of the company at least once a year; the management must present the previous year's accounts as well as the current year's budget. Furthermore, the information and consultation must take place as soon as collective redundancies are intended. In addition, the works council can also launch the 'alert procedure', when its members feel they have detected 'worrying facts' which could potentially endanger all or part of the company's activity. In these circumstances, the works council has the right to appoint an expert (chartered accountant) in order to fully understand the situation, make proposals to which the employer must respond and, finally, express its opinion on the subject of the consultation³⁵.

The appointed expert must thoroughly analyse all the relevant elements regarding the economic, financial and social situation of the firm and has access to any document they deem necessary to exercise their mandate³⁶. In this respect, the works council's expert has the same power to obtain information from the controlled entity (and the same professional obligations) as an auditor appointed by the shareholders. The expert can be considered as a means to ensure that the works council can have access to all the necessary information³⁷ - in some cases beyond that presented by the employer - whilst

³⁵ It is worth mentioning that the French legal system requires the employer to consult with the works council on all the important issues. Whilst a negative opinion does not hinder the implementation of the management's decision, the absence of such may be a legal motive for declaring the decision null and void, particularly in restructuring.

³⁶ This has been continuously confirmed by the French case law since 1982: the works council's expert has access to whatever document (s)he deems appropriate for the exercise of their mandate, provided that this document exists.

³⁷ It should be noted however that the expert's access to the relevant information does not always mean that workers' representatives will have direct access to it as well. The management might well appeal to the professional obligations of the chartered accountant (audit secrecy) to forbid the direct communication of

being able to correctly interpret this information and draw its own conclusions with respect to the interests that it represents.

Before		During	After
Permanent Actions	Prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

Given this legal landscape, the works council's expert appointed in the context of restructuring may actually be involved in the process long before the procedure has officially started. For instance, the expert's analyses may be considered as part of preventive action when they pinpoint a difficult economic situation (or the company's strategic choices) which could potentially result in collective redundancies prior to the announcement of a restructuring by the management. This can happen when examining annual accounts or during the 'alert procedure'.

6.9.2 Implementation method

The right of the works council to appoint an expert is enforced by law in all companies having a works council, i.e. employing fifty workers or more. The works council is the only decision-maker as to the choice of the expert, but the latter is paid by the company. The absence of an agreement on the choice of the expert and/or the cost of his services³⁸ cannot prevent the expert from beginning their job, and the employer cannot object to the expert's presence at works council's meetings that are part of the concerned information/consultation procedure.

As far as the yearly analysis of the situation of the company and/or of its budgets is concerned, the expert can be regularly appointed by the works council at any of its monthly meetings. Obviously, the appointment occurs well in advance of the meeting where the expert is to present his report and conclusions (which generally coincides with the employer's presentation).

In the 'alert procedure', the expert's role is not to issue a report but to bring to light relevant elements and pieces of information to help the works council to compile their own report. The works council may then stop the procedure if their worries prove unjustified or pursue it if they turn out to be well-founded. The following step of this procedure consists in communicating the works council's report to the company's board that must respond to it within 30 days. In the case of a restructuring project implying collective redundancies³⁹, the works council must appoint an expert at the first official meeting of the procedure. The expert has 20 to 22 days to collect the necessary documents, analyse them and issue a report. It should be noted however that if the expert cannot obtain all the relevant information during the 20 to 22 days stipulated by law, the procedure can be blocked by the workers' representatives⁴⁰.

More precisely, the work of the expert during this period will generally consist of:

some pieces of information that they consider 'sensitive'. In this case, the way of communicating the information to the workers' representatives is subject to negotiation between the expert and the management.

³⁸ In case of persistent disagreement, the problem is resolved in court between the expert and the company representatives.

³⁹ More than nine intended lay-offs during the 30-day period.

⁴⁰ This is sometimes used by the works council to exert pressure on the management in order to obtain improvements of the measures contained in the Social Plan.

- analysing the restructuring project, its economic justifications and its consequences on the situation of the company;
- checking if the number and the nature of the redundancies intended are consistent with the objectives of the restructuring project;
- appreciating the relevance of the intended measures for the future of the company and its remaining employees;
- analysing the costs of the restructuring project;
- analysing the relevance of the 'Social Plan'⁴¹ in regard to the characteristics of the workers concerned;
- formulating proposals to improve the reorganisation, mitigate the social costs of the restructuring project and/or improve the measures contained in the 'Social Plan'.

6.9.3 Success factors

Besides the formal (procedural) part of their job, which is to deliver a report to the works council, the contribution of the expert consists in organising social dialogue on economic issues and fostering the negotiation process.

The expert provides the members of the works council with an analysis of the economic situation of the company and of the management's project resulting in redundancies. – However, from a social and procedural point of view, they also allow workers' representatives to define common reachable goals and to build a strategy during the consultation process.

To do so, the expert should have access to all the relevant information, make different scenarios in the case of a yearly analysis of the company's operations, assess the situation in the case of an 'alert procedure', and appreciate the motives and consequences of the managerial decisions in case of restructuring.

The works council's expert can sometimes act as a third party during the consultation of the works council by the employer, often contributing to a better mutual understanding.

They can also help the works council's members to formulate and assess alternative solutions that they may discuss with the employer.

Finally, the expert can contribute to turning the consultation procedure into a negotiation process once the stakeholders have a clearer perception of what is really at stake and once controversies and misunderstandings are resolved.

6.9.4 Drawbacks, limitations and typical costs

The main drawbacks seem to be:

- persistent difficulty for the workers representatives to act before the announcement of the restructuring project by the management;
- lack of time after the announcement has been made.

⁴¹ A 'Social Plan' is a specific document containing all the measures (such as training, outplacement, business creation and geographic mobility support) that are supposed to help the redundant workers to find a job after they are laid-off.

For these two reasons, the work of the expert may well turn out to be rather inefficient. The warning issued by a third party (exterior to the company) before the restructuring is actually and officially announced does not necessarily lead the stakeholders to anticipate and take action, particularly when their resources to do so are limited. As for the role of the expert after the announcement of collective redundancies, the employer often wishes to complete the consultation process as soon as possible, and the works council's expert may therefore be regarded by the management as a 'trouble maker', bringing in a new and unnecessary source of tension in the social dialogue.

6.9.5 Examples

In a large French corporation permanently confronted with restructuring issues all over the world, workers representatives and the corporate management agreed to make an annual review of the risks concerning every site. The review was prepared by the European works council's expert and was based on in-depth discussions with top management, whose content is confronted with the expert's own analysis using internal and external documentary sources. This review is an integral part of the report presented by the expert, which is discussed at a plenary meeting of the European works council. When a short-term risk over a particular site was identified and agreed upon by the workers' representatives and the management, procedures and solutions to mitigate potential social consequences were proposed and collectively discussed.

In situations of restructuring entailing large collective redundancies, several hundreds of projects are dealt with every year in France by works council's experts. According to a study carried out by one of the leaders of the sector⁴², 40% of the cases under review resulted in a change of the initial restructuring project. Most of the time, these changes were not related to strategic decisions of the company, but rather to one or several aspects of the project (such as the reorganisation of the existing activities or transfers) or the way to implement it (such as the scope or the timing of the reorganisation). Where such changes occurred, the number of redundancies was reduced by 20% to 30% compared to the initial, projected figure.

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⁴² The study was based on 108 restructuring cases, where the works council was assisted by an expert.

6.10 Multiple countries - Mapping effects across the value chain – preparing retraining and negotiation processes

By Pamela Meil

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.10.1 Presentation

This fiche focuses on the concept that restructuring cannot be looked at only in the context of individual examples of lay-offs and redundancies in particular companies. Now that companies are embedded in value chains in which production and service activities take place across company site and national boundaries, training and negotiation processes surrounding restructuring have to take this into account. As soon as a company begins to consider outsourcing and offshoring, workers and social partners have to consider what this means for jobs within their organisation. Additionally various actors – employers, workers, and social partners – have to coordinate the use of sites along the chain as well as to consider the effects for all workers along the value chain. Some outsourcing or offshoring initiatives can have the consequence of decreasing relevance of internal labour markets and traditional development paths. External strategies for acquisition of skills and labour recruitment, which may be motivated by cost considerations, may emerge.

If workers and social partners participate more in the mapping of effects across the value chain and have more involvement in the strategic planning of the company for use of value chains, then the skills that workers will need and bring to the process, the content of work and how it is divided along the chain, and the cooperation between sites will function more smoothly. This could help to reduce redundancies or at least prepare workers much earlier if redundancies occur as a result of restructuring across the value chain. This requires that workplace representatives – either institutionalised actors of industrial relations or if this is not possible then employees' representatives – are involved in a negotiation process as soon as outsourcing, offshoring or other methods of dividing work across sites outside of the focal organisation are being considered.

The fiche is based on findings from the Moos Project (Internet: www.moosproject.be) and on a case in the Belgian textile industry from the Works Project (Internet: www.worksproject.be), both of which dealt with the issues of outsourcing and offshoring and their effects on work and employment.

6.10.2 Implementation method

There is no formal law, agreement or custom from which this objective arises. It is an innovative concept, practiced in some companies that have an open and participatory

representation culture, and who need the cooperation of their employees to weather crisis or achieve reorganisation.

At the company level, it involves the active participation of company management and workplace representatives and group discussions with employees for its implementation.

Regional authorities responsible for training and retraining and unions have a role to play in creating a dialogue with companies and employees' representatives to develop strategic plans for a skilling infrastructure that supports employment in sectors experiencing relocation over the long term.

In the Moos project, checklists for employees and workplace representatives (unions, works councils, or employees' representatives) were developed in the areas of employee strategies, negotiating risk assessment with employers, and strategies for the destination countries. Aside from the standard practices that are embedded in law surrounding restructuring (information, consultation, job protection, right to training), the risk assessment and strategies for destination countries checklists involve developing expertise on a variety of issues surrounding outsourcing and offshoring. For risk assessment, the social partners should have the knowledge to determine organisational, financial and economic costs involved in outsourcing and offshoring. These would include taking into account such topics as:

- wage differentials between countries;
- the costs of searches and information on proposed sites;
- the costs for negotiation and contracts in the destination countries;
- restructuring costs at home (i.e. social plans);
- travel costs;
- infrastructure costs;
- cost of transferring/translating knowledge;
- differentials in efficiency (i.e. skills differences).

With regard to knowledge on destination countries, the social partners have to acquire the expertise to negotiate on the geographical and legal characteristics of the destination company, the existence of company codes of conduct, compliance with OECD or UNO charters, contact points for employees' representatives in the destination companies. (De Bruyn and Ramioul, 2006)

6.10.3 Success factors

Companies monitor their situation and possible developments in the economic and financial situation, as well as technological developments (for instance using ICT to manage value chains). They analyse their position in global value chains and what units they might want or need to add. If they add an additional unit, they have to consider its place in the value chain and what the future role of the externalised units is. With employees' representatives or human resource personnel, they can use this information to map potential effects of the value chain and develop a forward-looking retraining programme.

In regions that have sectors or industries that have experienced a high activity of

outsourcing or offshoring, regional authorities should develop taskforces or seek help from consultants to develop plans for training and skilling infrastructures that will help the region retain and upgrade jobs.

Unions should set aside the capacity to analyse the motives for restructuring in given regions and sectors and thereby be in a position to help employees' representatives in the affected companies to prepare retraining programmes and potentially to help to develop strategies to strengthen company position. They also have to help employees' representatives in the negotiation process with employers to have mapping of effects of the value chain and a forward-looking agenda of dealing with change as a priority.

Employees' representatives or consultants can help companies to learn to keep the business functions that are most viable for future development, to use competency along the value chain most effectively, or to find alternatives to relocation.

6.10.4 Drawbacks, limitations and typical costs

Most companies do not see the benefits of involving employees actively in the long-term planning of outsourcing, offshoring and externalisation of processes. Even information and consultation after a decision is made is mainly done at a formal level. Re-training is usually undertaken in implementation phases of restructuring after redundancies have occurred, and then often for laid off employees to find new jobs. Many companies may only see unnecessary costs involved in activities involving participation of the workforce in restructuring plans.

Works councils or other workplace representatives often do not have the knowledge or the capacity to pro-actively negotiate on restructuring, especially when it involves outsourcing or offshoring in which the effects are not necessarily redundancy.

Coordinated actions between actors such as regional authorities, unions, employees' representatives and company management are very underdeveloped. Thus it is difficult to develop a coordinated plan for a region to retrain workers involved in dynamically restructuring sectors.

The most common individual cost-driven rationalisation method is '*downsizing*'. American research shows, however, that rationalisation projects leading to downsizing, that are not integrated with development programmes covering such issues as work organisation, competence development, new routines, revised compensation systems, have very short-term positive effects and can well have overall negative effects for the organisation. (Docherty et al. 2002)

6.10.5 Examples

When a company externalises part of its processes to a partner or supplier by outsourcing or offshoring, there are consequences for the work that is retained. These might involve new skill profiles, new forms of project organisation to manage tasks or new job descriptions. In the clothing industry, for example, there has been a long-term trend toward outsourcing manufacturing and then more and more aspects of the production process. This has been accompanied by massive lay-offs, first in Western European countries, and then in what were the originally less expensive outsourced sites in southern and eastern Europe. The remaining jobs in logistics, marketing, design and prototyping require a retraining for the workforce to take on new tasks, including ICT

and coordination activities. Moreover, upgrading and knowledge intensive work requires an institutional environment that provides training and innovation facilities to create a 'critical mass' of skill. However, the loss in jobs is having exactly the opposite effect: infrastructures for training are eroding in a number of countries, leading to the danger of even greater job loss. (De Bruyn and Ramioul, 2006)

Several clothing manufacturers have tried to reinvent themselves and create brand name or market niche products that protect their company. These upmarket strategies make it conceivable to retain work in European sites. In one example of a clothing manufacturer in Belgium, the company began offshoring its production to China (low level tasks already in the 1980s), Hungary (creating its own subsidiary there in 1992) and Tunisia (creating its own subsidiary in 1995). Outsourcing of production functions has continued in Romania since 2007. The restructuring process was organised in an open and participatory way. Once the decision for restructuring was decided and announced, the stitchers - those most affected by the change - were invited by the heads of production to discuss employment opportunities and wishes for the future. This led to transfer to other departments - mainly involving an upskilling to prototype stitcher and cutter, a function which was kept in Belgium. The employees received six weeks of training for the new position.

The employees were given time during working hours to acquire the new skills. Wages also changed, since they were previously based on produced volume which was not appropriate for the quality-led prototype department. Also, in dialogue with the workforce, a new wage premium system was developed. The market value of the stitchers increased as a result of their upgrading to prototype stitchers. The development of employment increased in all sites, including the Belgian site, as a result of overall increases in demand for the products. The levels of growth were greater in the foreign subsidiaries, but nonetheless, the Belgian site experienced stable employment figures, followed by slight increases since 2006 (414 in 1997 to 443 at the end of 2006). Although there is almost no cooperation between Belgian workplace representatives and employees working in foreign subsidiaries, in 2005 an employee from the Belgian company, and a delegate from the Belgian trade union visited the Hungarian subsidiary. The CEOs of the Belgian and Hungarian sites of the company gave permission for this visit.

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6.11 Austria - Flexibility Coaching for Companies (*AMS Flexibilitätsberatung FBB*)

By Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.11.1 Presentation

The main objective of the Austrian programme flexibility coaching for companies ('*Flexibilitätsberatung (FBB)*') is to support the flexibility of companies in order to handle structural change due to economic reasons. With its overall objective to ensure systematic and sustainable employment in companies, the programme provides support for internal management structures to achieve a balance between flexibility and stability, matching the needs of both employees and employer.

Flexibility coaching is a consulting programme provided by a private consultancy with financial support by the Austrian Employment Service AMS ('*Arbeitsmarktservice*') and the European Social Fund and is free of charge for the participating company. The programme offers a maximum of 15 consulting days and is divided into three phases. The basic aim is to improve HR management practice in companies in light of sudden fluctuations or potential problems, such as fluctuations in demand, potential redundancies, seasonal redundancies or costs for extra working hours.

The coaching is adjusted to the specific needs of the company and may provide important benefits for employees and the company. Employees may benefit from better working conditions and job security. The company may benefit from a professional flexibility management for HR policies, which will then be able to proactively react to future conditions or even seize new opportunities.

Generally all Austrian companies with more than 50 employees may benefit from the AMS flexibility-coaching programme, but in practice the main target group are SMEs. From 2005 to 2009, more than 65% of all companies consulted by the programme were SMEs.

AMS refers and advises companies to use the services of the flexibility coaching in all cases of short-time work or redundancies.

6.11.2 Implementation method

The flexibility-coaching programme is not legally mandatory in Austria. Instead it is a preventive employment policy instrument of the national employment service AMS. In its function as an official institution, the AMS has developed a number of measures to ensure employment during phases of restructuring and offers flexibility coaching as one of them. The programme was initiated in 2005 with an 18-months pilot phase and due to its success it was prolonged until 2013. The Flexibility Coaching for Companies with its

focus on the flexibility of the HR management completes other tools such as the promotion of qualifications for employees ('*Qualifizierungsförderung für Beschäftigte (QfB)*') and the internal consulting qualification ('*Qualifizierungsberatung für Unternehmen (QBB)*').

The AMS is bound to its own directive ('*Arbeitsmarktservicegesetz*') in which flexibility coaching is defined as part of the AMS' range of services. Companies are not obliged to participate in the programme. However, the AMS refers to this particular instrument each time a company registers for short-time work. In this context, it has to be stated that the AMS is in charge of the administration of short-time work and its related financing. As a reaction to the economic crisis, the Austrian Ministry of Employment amended a number of laws in 2009. The Employment Promotion Act of Austria ('*Beschäftigungsförderungsgesetz 2009*') as of July 2009 defines short-time work finances as an integral part of the Austrian Employment Service Act ('*Arbeitsmarktservicegesetz (AMSG)*'), with the AMS as the responsible authority for granting funds for short-time work and qualification measures ('*Beihilfen bei Kurzarbeit und bei Kurzarbeit mit Qualifizierung*').

In the case of redundancies, companies are legally required to give notice according to the Austrian Employment Service Act (§ 45a AMFG, through the 'early warning system' ('*Frühwarnsystem*'). In Austria, in the context of collective redundancies the employer has to inform the AMS labour market service 30 days in advance in the context of the termination of labour contracts. Required information includes reasons for redundancies, information on employees made redundant and measure taken to tackle the social consequences. Here, the AMS will refer to the services of flexibility coaching as a possible alternative for immediate lay-offs.

In the current economic crisis, the AMS has developed a modified flexibility-coaching programme in order to better match the immediate needs and problems of companies hit by the crisis. The Flexibility Coaching Plus Programme (FBB+) is specifically designed for companies facing a drastic decline in orders, whereas the other flexibility-coaching programme generally addresses companies in Austria. Under the FBB+ programme companies facing rapid decline in orders and capacities are able to receive support and consultancy for short-term help and possible measures in order to avoid redundancies. The service is provided by consultancies assigned by AMS and financed by the ESF.

6.11.3 Success factors

Under the 18-month pilot phase of the Flexibility Coaching Programme, 40 consultants were involved in flexibility coaching throughout Austria. Flexibility coaching offers various approaches and corresponds to each company's individual needs. Better controlling and planning ahead for the quantities and qualities of the workforce for the entire year or a preventive warning system for upcoming challenges are proposed tools of the programme.

The programme is structured as a three-stage procedure and covers a maximum of 15 consulting days provided by the 'flex-ability team'.

Step I: First face-to-face talk

After the first contact between the service for companies ('*Service für Unternehmen (SfU)*') of the AMS and the respective company, an initial information talk is arranged. Only if

the company agrees in the consultancy service, following steps of the programme will be initiated (one consulting day).

Step II: Flex-Check

The 'flex-ability team' will analyse the current circumstances of the company, identify the main problems and tasks and will involve the relevant actors at company level (management, works council, employees). Under a 'flexibility strategy', initial options for action will be presented by the consultants (up to five consulting days).

Step III: Flex-Consulting

If the company is further interested in the programme and is granted funding by the AMS, the actual flexibility-coaching phase begins. The consultants develop an individual flexibility strategy corresponding to the needs of the company and offers solutions and first implementation steps. This phase may cover a maximum of nine consulting days. The ninth day is reserved for gender-specific issues, affirmative action programmes for women or equal opportunity issues.

6.11.4 Drawbacks, limitations and typical costs

6.11.5 Examples

The flex-ability team offers expertise in seven HR-related action fields, including topics such as working hours, organisation and qualification have proved to be of great importance. Further topics are diversity management, productive ageing, mobility, a flexible workforce, further qualifications and training.

In regard to working hours, new challenges and costumer needs lead to a change in working time models. In this event, it is important to take the needs of employees into consideration. The flexibility coaching tries to improve the management structures of the company to enable flexible, efficient and market-related action carried out by the company itself. The consultants support companies to successfully handle their flexible workforce, by integrating temporary workers without neglecting social standards.

Aside from the company itself, other actors such as employees, the AMS and the Austrian job market have benefited from a positive outcome of the programme. Factors of success for companies were the ability to pro-actively react to challenges and seize new challenges, instead of simply facing the outcome (preventive instrument). Employees benefited from improved working conditions, higher job security and a consideration of their own flexibility demands. Also, the programme prioritises optimising company-based social partnerships. The programme established a close cooperation and exchange of information between the AMS and companies. As a consequence, several companies became new clients of the AMS.

At the end of the project's 18-month pilot-phase, the programme was evaluated by the external L&R Social Research Vienna ('L&R Sozialforschung') with positive or even very positive results. Surveyed companies gave feedback on their experiences in regard to relevance of results achieved through the programme, the competences of consultants and further cooperation with the AMS. However, a thorough and long-term evaluation of the programme is not available at this stage.

In 2008, 347 companies participated in the first step of programme, whereas 150 companies used the flex-check (Step II) and 55 companies the flex consulting (Step III). Prominent examples of companies benefiting from flexibility coaching are *Infineon*

technologies Austria AG and Milford Tee Austria. Other companies reported the successful implementation of a company-based early warning system or their ability to handle market declines of up to 30% without redundancies.

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6.12 Sweden - The Employer Ring

By Per Tengblad (ATK)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.12.1 Presentation

The employer ring can be defined as cooperation between a limited number of employers in a geographical setting for mutual support with the purpose to prevent ill health, facilitate rehabilitation and create opportunities for employee mobility. The basic purpose is to have a resource which supports individuals not only through coaching but also through the supply of suitable practice and work training in other companies in the proximity of the original workplace. The employer ring is especially suitable when individuals need to change either their workplace or their occupation, which often could be the case in rehabilitation situations.

The ring can also be useful for managing redundancies in restructuring situations; about one third of the rings existing today have redundancy redeployment as part of their general services. Normally the employer ring becomes involved as a part of the implementation phase in the restructuring process. Involvement in restructuring becomes more intense during recession periods while rehabilitation dominates during normal economic periods. In this aspect it can be looked upon as a redeployment organisation firmly based on company cooperation rather than a free actor in the market offering redeployment services.

The employer ring is normally built on a membership bases, either through cooperative ownership or through membership fees. The membership includes an obligation to supply work practice and supervisors when necessary. Some of the rings are organised as limited companies while others are organised as non-profit organisations. Every ring has a joint resource; a ring administrator. Depending on the demand of services a number of coaches are employed.

6.12.2 Implementation method

The employer rings are an interesting example of the establishment of a transitional labour market by widening companies' internal labour markets. It has its origin based on the responsibility for employers to arrange suitable solutions for employees in need of rehabilitation, a responsibility that is mandatory by law. When demand rises within the company for taking care of employees on long-term sick-leave and the possibilities to find solutions in a very changing and lean-oriented environment diminish, company cooperation in local (and to some extent regional) labour markets become essential.

The origin and creation of the rings varies. It is a completely voluntary process. There are no public directives neither recommending nor making the ring a mandatory part of the rehabilitation or redeployment system. Initiatives come mostly from the companies

in a specific geographical setting. Some rings have been initiated by local municipalities or by local branches of the Social Insurance Agency, who have a responsibility for work-oriented rehabilitation. Other rings can be traced back to individual initiatives by the ring administrator.

To some extent the employer ring can be seen as an extension of each company's HR-department. The ring also offers HR-support to HR-managers and operators in the member companies. From another perspective it is an extension of public undertakings in the labour market. As an operator in the 'transitional labour market', the employer ring, besides the natural contact with their members also has links to the Social Insurance Agency (on rehabilitation), the Public Employment Service (on job seeking) and local and company based Occupational Health Services (on work environment).⁴³

The employer ring is a go-between for number of public institutions and companies/employers. In many ways it deals with problems within responsibilities and regulatory systems that are unclear between the actors, particularly with regard to rehabilitation.

In the restructuring process, the employer ring becomes a traditional redeployment actor but with the advantage that it has access to a number of workplaces where vacancies can be found and used in a more direct way than going through the PES. The ring also gets involved during the management of the restructuring process.

6.12.3 Success factors

The success of the employer ring can be traced the cooperation between the companies and the ring administrator as a neutral, out-side the company, supporting the individual facing a job change.

The importance of the cooperation between the companies facilitates the supply of replacement and work-training opportunities. By opening up positions for replacement each company's internal labour market is expanded to a larger transitional one, still in the same geographical area. Through this it increases the possibilities of regional mobility. There are also the more informal aspects of the cooperation; HR-managers can exchange knowledge and give support to each other on a more meta-level.

The employer ring tackles two important aspects of modern working life; companies tend to narrow its operations by outsourcing and focusing on core competence. This means that the scope for replacement inside each company diminishes. The second aspect is the diminishing geographical mobility where individuals tend to be more tied geographically – at least from the time of establishing a family. In families where both parents are working, a secure upbringing and schooling for the children are highly prioritised. In these situations moving geographically is seldom an option. Furthermore investigations show that there is a high percentage (30%) of the workforce who feel that they are in the wrong workplace and/or occupation. The widened internal labour market supplied by the ring enhances the replacement possibilities.

⁴³ The Social Insurance Agency is financially and administratively responsible for the Swedish social security system; pensions, parental leave, sickness and rehabilitation. It is in the latter part where the SIA is involved with the employer rings. The PES is organised by the State with the aim to match vacancies with job seekers. It is also a control institution for unemployment benefits and can use a number of financial measures. The occupational (or company) health services are companies operating as health support (doctors, nurses, ergonomics, engineers and psychologists) to companies and their employees.

Evaluations of employer rings show that to get a successful operation, the following factors are needed:

- an optimal mix of different companies with different operations and occupations maximising the possibilities of finding new jobs;
- to be well anchored in the member companies through communication and transparency;
- A ring administrator as the important driving force and network hub.

6.12.4 Drawbacks, limitations and typical costs

The financing of the ring is based on membership fees for the continuous work and special fees for individual cases or other specific assignments. Whether or not the individual cases are included in the membership fees varies. When working with redundancy activities there is normally a fee per individual of between EUR 2 000 and EUR 4 000.

The ring operations are limited by their members in terms of supporting redundant people. Possibilities of using the network of companies for getting new jobs or at least practical vocational training places are also limited depending on the business or restructuring cycles for the sectors of the concerned companies. The more widespread the recession is, the more difficulties there are in finding new locations or jobs. In such cases, the best opportunities may be found in sector-specific restructuring processes where nearby companies may be able to employ redundant workers from the restructured company.

6.12.5 Examples

Karlskrona - a medium-sized Swedish town in the southeast - is an industrial centre and an administrative centre for the region of Blekinge. Seven companies covering a total of 6 000 employees formed an employer ring in 1990.

Today, there are 15 companies affiliated to the ring, primarily industrial companies. The industrial companies are all members to the employer confederation and the employees are members of the Metal Workers Union.

Each company pays a yearly fee to the ring to receive support when called for and also undertakes to receive employees for work practice and possible employment from the other members. The original ambition was to support employees in need of work rehabilitation (not disabled but being on long-term sick leave or other reasons for job change). The ring has a yearly turnover around EUR 300 000, taking care of about 50 clients.

The ring also involves other kinds of company cooperation such as job pools and knowledge sharing. Depending on the company's situation, the ring also takes assignments on the redeployment of redundant personnel. The ring also offers HR-support to HR-managers and operators in the member companies.

The ring is lead by a steering committee from the member companies which also includes union representatives. Two main ring administrators (also part-owners of the

Ring) run the operations taking in additional resources when needed for specific assignments and projects.

Outplacement activities i.e. supporting companies in dealing with redundancies due to cut-backs and restructuring started in the mid-1990s during the economic crisis with a lot of closures and redundancies. There is now a certified redeployment representative from the Job Security Council for redundant blue-collar workers and they take on assignments also from other companies who are not ring members.

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Fiche summary :

Who is in charge to set up and initiate the use?	The initiative is highly individually dependent. It could be a public officer in the Social Insurance Agency, an HR manager in a company, a consultant/entrepreneur seeing the need.
With help from whom?	Taking help from local actors such as the municipalities, HR directors in bigger companies in the area, the Social Insurance Agency, local and regional unions, local or regional business associations.
What helps its implementation?	Some start-up capital; High involvement from the members; A driving administrator; Well-anchored in the local society; Tradition of cooperation in employment and occupational health and safety matters (OHS) on a local/regional basis
What problems may affect its implementation?	Not getting enough involvement from the members of the ring

6.13 Belgium, France and Germany - Employer Pools

By Frédéric Naedenoen LENTIC - HEC - Management School of the University of Liège

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.13.1 Presentation

Employer Pools (EP) are an innovative device allowing companies to pitch together to hire workers with a shared skill-set and to share the worker's working time and costs.

This sharing of workers responds to two specific situations: a cyclic increase of work and the need of specific skills. It allows companies:

- to regularly hire the same workers (daily, weekly, monthly, seasonally) to face a predictable increase in production (i.e. increase of ice-cream production during the summer) and to provide them with open-ended contracts without having to pay them during the slack periods;
- to regularly have the same specialists at their disposal for specific activities (i.e. accountancy, computing, secretary) which represents a limited but recurrent workload and for which it would be difficult to attract part-time workers or to pay regularly consultancy fees.

The EP is a 'win-win' device since it conciliates these flexibility needs with a high level of security for the workers thanks to, in Belgium, the mandatory full time open-ended contract and the financial solidarity of the members companies. Moreover, the stabilisation and the loyalty of the workforce favours the productivity of the members of the EP: the worker knows the specific methods of working and is therefore immediately operational. This loyalty also favours the development of the worker skills since (s)he regularly switches between similar/compatible work posts.

Beyond these broad principles governing the employer group, its implementation in several European countries led to the following specificities:

France

The EP device is of French origin. It was first developed informally in the agricultural sector. In 1985, a law passed to frame this 'workforce sharing'. Currently the EP is spread over a large range of sectors and represents up to 35,000 jobs thanks to several legislative changes which have facilitated its operation such as the coexistence of fixed-term and open-ended contracts, full time and part time work.

In France, two distinct systems co-exist:

- The Employer Pool for Integration and Qualification (GE-IQ) which includes both the

profile of the shared workforce and training programmes (with public financial assistance);

- The Classic Employer Pool without such obligations or any public assistance.

Germany

A 'labour pool' device is also present in Germany where companies are allowed to 'lend' their workers to others companies from the same sector. The German legislation, which allows for labour sharing only within the same sector, does not impose the creation of an ad-hoc structure but does stipulate several conditions:

- the agreement must be framed in a collective agreement (often sector based) including a list of companies involved and a list of the workers likely to be shared;
- the companies must have the agreement from their works council;
- the workers must be volunteers and must preserve their salary.

In Germany, the objective of the tool is not to place workers in an insecure situation, since they already have a permanent contract. It aims to make company staff flexible; the temporary transfer of worker allows a company (in difficulty) to reduce its workforce costs by, simultaneously, permitting another company with insufficient staff to benefit from a qualified and trained workforce.

The Netherlands

In the Netherlands, the 'Flexpool' project is a workforce market place where jobseekers and companies come together to address workforce demands. The system is a multi-stakeholder company since it is managed by the local Chamber of Commerce, the trade unions and the interim sector. The Flexpool is composed by several 'pools' of employers located in the same area and looking for the same type of skills. Unemployed workers are hired by the Flexpool organisation and are sent in the companies during peaks in their activity.

Dutch legislation requires the management of the Flexpool to offer open-ended contracts to the workers involved in the system for a 72-week period.

Belgium

In Belgium, the EP is a device framed by a specific law (see below) and is viewed as a rehabilitation tool. Consequently, the profile of the shared workers is very restrictive; an EP can only hire long-term unemployed workers with low skill levels.

This restriction, the relatively newness of the device and the difficulty to implement it (see below) can explain the small (but growing) number of EPs in Belgium (four organisations, representing approximately 30 workers).

The Belgian employer pool in the restructuring process

Theoretically, the EP could be a two-step solution of the restructuring process:

- prior to restructuring, as a permanent action far prior the announcement;
- after the announcement of the restructuring, during the implement period.

The EP - an anticipative device

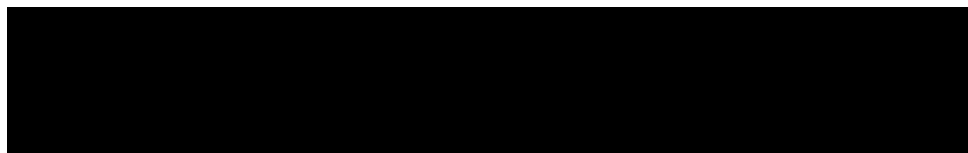
Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement and the following information and consultation process	Implementation period

Example

Hommex is a consulting company which has been operating for twenty years in the IT sector. Faced with growing volatility in client demand, its CEO hesitated in hiring, with a classic part time contract, a new computer graphics worker. Informed about the future creation of a new local employer pool aimed at sharing such a profile, the CEO decided to join the initiative and become one of the five founders of 'Fiery Work'. According to the contract binding the members, a computer graphic worker was available to two companies for one day per week each, and available to two more for 1.5 days per week each. Six months later, *Hommex* faced a reduction in its activity and had to restructure. Consequently, the CEO send an email to the four founder members to know if some of them would agree to increase their own use of the worker during the next three to four months in order to cover the time dedicated to *Hommex*. The SCU Company, active in the office furniture sector and in a period of growth, immediately accepted. Ten months later, *Hommex* won new contracts and was able to employ the worker again.

As illustrated in this short case study, the employer pool is a device offering more flexibility to fit the volatility of the company activity. It allows companies to restructure their organisation without having to lay-off workers; the workers in the EP retain their full time open-ended contract during the restructuring period of one of the members of the EP. In this way, the shared worker benefits from a higher level of job security than with a classic contract with a sole company.

The EP - a curative tool



Example

Deeply affected from the beginning of the international crisis, the *B4M* company had to restructure its activity. The IT department faced a reduction in its workload, with plans to lay off one of the computer analysts and to outsource its activity. However, one of the managers was informed by the local Chamber of Commerce that another company was looking to share the skills of a computer analyst during a mid-time period. Transferring the worker in an EP seemed an effective solution : their skills would remain in the *B4M* company, and their cost for a mid-time period would be cheaper than with an IT outsourcing provider. It would also be convenient for the worker who could keep a full-time open-ended contract with the same financial conditions and, in this way, would avoid unemployment. However, the profile of the computer analyst did not fit with Belgian legislation and the uncertainty of getting special dispensation from the authorities led the companies involved to abandon the project.

This case study shows the potential opportunity of the EP in the implementation period

of restructuring. Even if the temporary or definitive transfer of the jeopardised workers into an EP could represent a change/deterioration in their working conditions (new challenges, more trips) it may help to avoid an unemployment period and its consequences in term of collective costs and psycho-social effects.

However, this solution contravenes current Belgian legislation and discourages companies to look for an alternative to redundancies. Yet, it would be possible, without waiting for legislative change, to ask the authorities for a special dispensation although the waiting period and the risk of a refusal could discourage companies. Note that this problem is specific to Belgium, since the legislation in other EU countries does not impose any profile for the shared workers. Therefore, the EP can be considered in other EU countries as a more immediate reconversion solution.

Even if such a transition is not possible to implement for many redundant workers, the employer pools could be one of the alternatives of other solutions used after the announcement of restructuring: unemployment, reconversion unit, or pre-retirement.

6.13.2 Implementation method in Belgium

The 2000 Belgian Federal Law specifies the conditions for the creation of an employer pool:

- the pool must be in an economic interest grouping;
- the EP must be a non-profit organisation;
- its sole objective must be to share workers between the members;
- the members must be financially jointly liable;
- the EP must only employ on full time open-ended contracts;
- the profile of the workers for sharing must be:
 - low-skilled people unemployed for a long-term period (and assimilated e.g. immigrant, housewives);
 - people benefiting from income support/welfare benefits.

Moreover, before the EP can hire workers, it must request agreement from the Federal Minister of Employment. The waiting period for this request is approximately two months.

Which pilot?

In Belgium, the EP is a new innovative tool taking place in a new social perimeter covering several companies. Therefore, its implementation is rarely done by one of the main classic stakeholders of social regulation: the companies have neither the network nor the time to look for complementary companies and the trade unions often consider such an initiative as a part of the management decisions. Therefore, the intervention of a third party can often be valuable. Recently, the Walloon Regional Government has financed the creation of 'Walloon Employer Pools Resources Centre' aimed at encouraging, implementing and accompanying the creation of such a device, in partnership with a university and the Walloon Chamber of Commerce. Another EP resource centre is also active in the Brussels region where partners can help in cases of restructuring thanks to their network, knowledge of the potential complementary companies and their expertise about the device.

6.13.3 Success factors

Beyond the legal framework, the creation of an EP should respond to several conditions:

- the companies' needs must be steady, recurrent, predictable and complementary; i.e. five companies employing a shared worker one day per week;
- the companies must be looking for a common profile;
- the companies must be established in the same area.

As an anticipative tool, the main key success factors are the following:

- to make the tool more flexible and, therefore, more able to respond to the anticipation of a restructuring thanks to a company 'in reserve' i.e. one which doesn't regularly share the workers but which has the possibility to temporarily take on the workers in case one of the other companies is in difficulty;
- to amplify the existing EP, instead of creating new ad-hoc EP, in order to have more companies around the table and, therefore, more companies likely to take on the time of the shared workers from the company in difficulty.

As a curative tool, the success of the transfer of workers into EP will be facilitated:

- in case of early warning, allowing time to set up the device;
- if the stakeholders already know the EP concept and are confident in its application;
- if the stakeholders are able to mobilise their own network in order to facilitate the search of partners.

Moreover the management of the EP has to be considered as a crucial element for continuity of the device and its capacity to offer security to all of the stakeholders; a leader has to be appointed (ideally from one of the companies) and the indirect costs (i.e. administrative) have to be shared between the members of the EP.

6.13.4 Drawbacks, limitations and typical costs

As an anticipative tool:

- the temporary transfer of workers remains reliant on the willingness of the other companies to increase their use of the shared workers, although their needs are stable.

As a curative tool:

- the transfer of workers from the company in restructuring to the EP remains reliant to a relaxing in Belgian legislation or to obtaining of special dispensation;
- the process of creating an EP takes time i.e. three months at least (and often more), in order to find partners, to define the status of the EP and to get the agreement from the authorities;
- the newness of the tool and the small number of EPs in Belgium EPs in cases of restructuring.

The experience of '*Fiery Work*' shows the use of the EP as an anticipative tool but further analysis is needed to better understand the limits of the tool i.e. in cases of the

permanent transfer of workers, in cases of large-scale transfer, in cases of global recession.

The failure of the *B4M*, as the failure of other similar initiatives, witnesses the need for a relaxation of Belgian legislation in order to integrate the redundant worker to the profile of the workers who can be shared, and by this way removing the risks linked to the juridical uncertainty.

The initiative of the public authorities to introduce into Belgium, the French concept of employer pools illustrates both the limits and the potential of the transfer/translation of 'good practice' throughout European countries. The introduction of the French system into Belgium required an adaptation of the Belgian legal framework in order to create a new exception to banning staff sharing. Moreover, contrary to the French situation where the EP took many years to be established, its '*ex nihilo*' setting into Belgium has not permitted the social partners to take over the tool; most of companies and workers were ill-informed about its existence; trade-unions are still suspicious and reluctant to take an official position about its desirability and; public authorities took a long time to consider financing a third party aimed at promoting and supporting local initiatives.

Despite these limitations, the introduction of the system in Belgium and the satisfaction of all the stakeholders involved in the existing EP shows its potential role and usefulness in promoting and the disseminating successful local experiences across the European Union.

Fiche summary

Who is in charge to set up and initiate the tool/mechanism at local level?	<p>The tool is set up by several companies with complementary needs and should also respect specific national requirements.</p> <p>In Belgium, companies must firstly create an Economic Interest Grouping and then request authorisation from the Federal Minister of Employment</p>
With help from whom?	<p>In case of a company with an isolated need, or when several companies are not able to cover the working time of shared worker(s), it/they can be helped by a third party to find other companies with complementary needs and/or to help them in the creation process.</p> <p>In Belgium, this role can be played by the local Chamber of Commerce and/or by the Regional Employer Pools Resources Centres.</p>
What helps its implementation?	<p>Widespread advertising of the creation of an EP in order to find complementary companies allowing EP members to cover the working time of the shared workforce;</p> <p>The companies must not be in a hurry during the creation process.</p>

What are the problems for its implementation?	<p>The difficulty to find companies with:</p> <ul style="list-style-type: none"> - Complementary needs - recurrent needs - predictable needs (or companies inclined to take the risk of paying the cost of the inactivity period of the worker(s)) - perfect complementation (perfectly covering the working time, without a period of inactivity or several needs during the same period)
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6.13.5 Examples

See Section 6.13.1 for examples; Hommex and B4M.

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6.14 Multiple countries - Enacting socially responsible restructuring

By Pamela Meil

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

6.14.1 Presentation

The mechanism in the restructuring process is developing socially responsible change policies. Socially responsible change policies are mainly targeted at the pre-lay-off stage of restructuring. Research has shown that restructuring is often undertaken in a non-transparent way with poor publicity and information, low levels of planning for the future employment or career development of affected workers, and insufficient involvement of social partners in the restructuring process.

Key pre-lay-off phases of the restructuring activity should be developed; the period prior to the announcement of lay-offs; the period covering the announcement of job losses (including the consultation process undertaken with the stakeholders); the period covering the implementation of lay-offs (Forde et al 2009).

Socially responsible change ensures that workers receive high levels of compensation and retraining for future opportunities in the labour market, and that retained workers after a wave of lay-offs keep or improve their terms and conditions of employment and work content rather than experiencing a downgrading of their employment relationship or working conditions.

Socially responsible change involves a phase before the announcement of restructuring which involves opening a dialogue with stakeholders or their representatives (unions or works councils) before initiating the restructuring process to discuss possible alternatives or options other than restructuring that will still take employer needs into account. These might include traditional measures such as a reduction of working hours, redeployment, or deferment of bonuses. Other innovative options might include employee share ownership, or considering an organisational alternative to the proposed restructuring that meets employers' requirements. With regard to permanent actions that could be undertaken, these could include continual upgrading of worker skills to make their adjustment to new technological and global requirements easier, and the development of 'early warning systems.'

In the phase in which restructuring is announced, an information and consultation policy should be pursued which communicates the plan, and consultation and negotiation with workers and, when possible, their representatives on the restructuring process should take place.

If it is deemed that restructuring cannot be prevented, then stakeholders and their representatives should participate in the final phase of the pre-lay-off period: here the main tasks are the establishment of equitable criteria for selecting workers for lay-offs, development of plans for the transitional period to ensure the social welfare of the

workers in the case of redundancy, and the formulation of plans for outplacement, counselling and retraining.

Crisis funds from national governments and the EU have been made available to help finance company and individual efforts to soften the effects of restructuring and promote better chances on the labour market. These include funds for retraining and active labour market policies.

6.14.2 Implementation method

Workers and their representatives have to be actively involved in the phases of change and especially in the planning (pre-lay-off) phase. Anticipation and preparation for change are the preconditions for managing change in a socially responsible way. There are some laws at both EU and national levels that support socially responsible change, such as the right to information and consultation and the requirement for companies to negotiate with social partners about restructuring in Scandinavian models of industrial relations. However, there are no laws expressly regarding socially responsible change and therefore can be designated as an agreement in unique cases and custom in the Nordic countries.

6.14.3 Success factors

One success factor is the willingness of the company to be open about its plans for restructuring. National governments and the EU can provide incentives in the form of support, financing, or penalties in the case that no attempts for a socially responsible approach to restructuring were taken. Another success factor is having negotiation partners. That means that the presence of unions and/or works councils is an important aspect of success. In situations where no workplace representation exists, other forms of stakeholder representation have to be found, such as coordination groups or employee forums.

Socially responsible change should create the conditions for growth, development and viability for the company as well as future employment. Accompanying measures should be offered and negotiated (retraining, early retirement, settlement packages, support for reorientation into the labour market) if redundancies cannot be avoided.

6.14.4 Drawbacks, limitations and typical costs

Although laws exist for information and consultation of restructuring, there are no real sanctions for companies that do not inform and consult, or do so in a formalistic way (i.e. mostly informing after the fact). Research shows that management prerogative in deciding restructuring is almost total. (Meil et al. 2009) Workplace representatives often lack the preparation or training to deal pro-actively with restructuring. Coordinated activity at the international level, for example with European works councils, is also rare and is in any case only relevant for large multi-nationals. There is a need to go beyond the national level and develop joint strategies at European level. However, this is difficult in practice.

Additional efforts in information and consultation, developing plans for transparent processes of lay-offs as well as planning retraining and counselling all involve costs in

terms of time and monetary expenditures for companies.

6.14.5 Examples

Socially responsible change policies are often associated with Nordic or Scandinavian social welfare models. The negotiation with social partners and the attempts to achieve cooperative agreements in restructuring cases is determined by national legislation. In a case involving a planned privatisation of the public sector IT unit in the Norwegian health service, the unions were strongly involved. The unions opposed the outsourcing to a private service provider, saying it would lead to a loss in health knowledge, necessary to manage the data and the systems and to prevent a decrease in efficiency. They achieved an agreement to centralise the unit, but keep it in the public sector. Many issues such as wages, overtime, and working time were negotiated after the decentralised structure was reorganised into a central unit. The employees felt that there had been an improvement in working conditions and felt wage distribution was much fairer after the restructuring had taken place. (Flecker et al. 2008)

Forde et al. (2009) conclude in their study of two steel plants in Wales that much of the emphasis of activity was on the management rather than the anticipation of change (p. 20) To reach socially responsible change, the authors stress the importance of early warning systems, skills audits, and long-term investment in human capital.

Employers have a central role to play to make sure that anticipatory action and access to support in case of restructuring is taken.

The European Metalworkers Union have tried to develop principles for a common response to restructuring, putting pressure on management, ensuring workers interests are considered and avoiding workforces being played off against each other. One of the main goals is to coordinate better at European level. The proposed actions are:

- draw up a common platform;
- envisage negotiated solutions acceptable to all;
- develop a communication strategy;
- envisage cross-border activities;
- explore any legal possibilities to ensure that workers are heard;
- binding commitment.

The main audience for this case are social partners in institutionalised organisational structures such as unions, works councils and EWCs.

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7. Allowing crisis management

As the future is, and will remain unpredictable, unexpected crises, either at company (bankruptcy) or macro-economic level (as for example the 2008 financial crisis), may occur at any time, whatever the efforts made to anticipate them. In such circumstances the crisis unfolds rapidly and actors need to be given space to react, save what can be saved and establish new strategies. By nature, these tools and devices are to be implemented when a crisis occurs but they have to be conceived prior to the crisis in order to be efficiently implemented. Two main difficulties have to be overcome in such circumstances, and two main sub-functions have to be fulfilled:

1. **providing short-term resources to maintaining labour contract and/or company for a given and short period of time;** no future may be considered if companies or jobs immediately disappear and so the time available to find a solution is important;
2. **allowing a reasonable pause to offer actors some breathing time;** finding new solutions in a crisis situation is painful and can damage many interests. Making sure these interests are taken into account while resources are used to find solutions, not merely to prolong the existing situation, is a challenge requiring space to think and to fine-tune settings.

Two families of tools and devices may be found; those aimed at dealing with bankruptcy and those aimed at dealing with a temporary lack of work. The set of tools is not described in the following fiches but examples and European comparisons may be found at internet: http://ec.europa.eu/enterprise/policies/sme/business-environment/failurenew-beginning/index_en.htm. Various devices allowing short-time working is comprised in the second set of tools. These tools, which have been renewed and updated in the aftermath of the so called '2008 financial crisis', depend on public, and generally, State-designed settings aimed at financing workers when they are not at work.

7.1 Multiple Countries – Short-time working (*chômage partiel, kurzarbeit*) – comparing European countries

By Maxime Petrovski

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

7.1.1 Presentation

Broadly speaking, short-time working can be defined as a specific labour market instrument whose primary objective is to help companies preserve their collective competences when facing strong short-term fluctuations in demand for their output. Whilst workers do not have enough work to be employed full-time, under-employment is viewed as a temporary situation by the management. Consequently, instead of reducing the number of under-employed workers by dismissing them, the company can use the option of keeping them on its payroll with temporarily reduced wages, while the State and/or specific insurance funds provide financial help to top up these reduced wages so as to limit the wage loss. Short-time working is largely viewed as a win-win solution. Although the workers' wages are reduced, their labour contract is not interrupted and their jobs are saved. At the same time, the company preserves its collective competences and avoids potential problems of meeting the increased demand once things go back to normal. As for the public money spent in the process, it saves the jobs of potential tax-payers and reduces the costs of passive and active labour market policies.

Short-time working was initially conceived precisely to avoid restructuring. As the term suggests, 'restructuring' is related to 'structural' problems, whilst short-time working was at first about helping companies to cope with violent, external shocks of limited duration *without having to restructure*.

Initial situation

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement and the following information and consultation	Implementation period

However, after its introduction in the majority of the EU countries (imitated by several new member states), this instrument underwent considerable changes, with some countries starting to use it in a systematic and idiosyncratic way to address peculiar problems of their national labour markets (for example, *Cassa Intergione Guardigna* in Italy).

Subsequent situation

Before		During	After
Permanent Actions	Prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

The current economic crisis appears to have pushed European governments to go much further down the road of short-time working. The extensive use of short-time working coupled with substantial increases in its duration and funding in many countries, suggested combining short-time working with 'permanent actions' (such as compulsory training for those who will remain on their job after the end of short-time working, for instance). At the same time, it was being increasingly used as a means to reduce the number of redundancies and/or as an ante-chamber preparing workers for professional mobility (training for those who have to leave or change their job after the end of short-time working) or even a period of future unemployment.

7.1.2 Implementation method

Formal rules regarding the use of short-time working differ strongly from country to country. By definition, this arrangement can only be optional since it depends on the view of the market situation that the management espouses: are economic problems temporary or not? If the company believes that they are, it has to apply for funding whilst informing, consulting with and even obtaining the explicit agreement of the social partners (works councils and/or the unions). As a general rule, labour law and specific regulations define precisely who should fund what (the share the company, the State and/or the insurance fund have to cover), for how long, and under what conditions. However, as far as wage compensation is concerned, the law habitually defines only the minimum to be provided. In reality, the company may well choose to be more generous in compensating the wage cuts, even if beyond a certain limit it does not get any financial assistance at all. In such a case, short-time working schemes can be subject to negotiation and result in specific agreements between the employer and the social partners. Most of the time, the stakeholders involved in the procedure at some point are the employer, the social partners, public authorities (and/or the insurance fund).

Country	Eligibility	Conditions	Duration	Contributors	Funding
Germany	General	short-term demand fluctuations resulting in wage reduction of 10% for at least 1/3 of the workforce	Up to 6 months in general with the possibility to prolong. Exceptionally: 24 months in 2009	Insurance Fund + Company	Up to 100%, if the company contributes. From 60 to 67% (depending on the number of children), if it does not. Social contributions paid by the company
Belgium	Blue-colours (including temporary workers)	Temporary contraction of activity and economic problems	4 consecutive weeks, 600 hours per year. Prolonged in 2009.	Social Security Fund + Company	From 60 to 65% of average gross wage (limited to 1 906 € gross a month) in 2008. Starting 2009, 70% to 75%, limited to 2 206 € gross.
Spain	General	Temporary contraction of activity with working time and wage reduction of at least 1/3	Non specified	Insurance Fund + Social contributions by company	General unemployment insurance regime is applied: 70% of the wage during 180 jours and 60% after
France	General but blue-colours de facto	Short term contraction of demand, upon the decision of authorities	6 consecutive weeks (used to be 4 weeks in 2008), up to 1000 hours a year (used to be 600 in 2008)	State (National Fund for Employment) + company	60% of gross hourly wage (minimum of 6,68 €) funded partly by the state (3,33 € for companies of more than 250 workers and 3,64 € in all the other cases) and partly by the company. The company is exonerated from social contributions. 80% or even 100% of wage compensation possible in specific cases
Italy	General except the management, apprentices, homeworkers. In reality, for blue-colours with low wages	In case of temporary economic problems	13 weeks, could be prolonged up to 12 months, 24 months or even 36 months in exceptional cases	Depending on the regime (ordinary/extraordinary), State + Company, paid by a specific Insurance Fund	80% compensation for hours not worked, within the limit of 858 € per month for wages equal or inferior to 1857 €, and within the limit of 1 031 € for wages superior to 1 857 €
Luxembourg	General	Temporary economic problems, possible for an entire sector, obligation for workers to follow training programmes	6 months a year maximum	16 first hours paid by the company, social contributions paid by the company, the rest - by the state (National Fund for Employment)	80% compensation of gross hourly. The compensation cannot go beyond 2.5 times minimum hourly wage (7,65 €).
Czech Republic	General	Short-term demand fluctuations, with at least 10% wage reduction for 1/3 of the workforce	12 months maximum	Company	In principle, regulated by the collective agreement. Otherwise, the minimum of 60% of average gross wage of the last 12 months.
Romania	General	Short-term demand fluctuations	To be defined between workers and the company	Company	The minimum of 75% of the gross wage of the last 12 months

7.1.3 Success factors

The success of a short-time working scheme obviously depends either upon the perspective taken i.e. for whom is it successful, or upon the role it is supposed to play in the specific national context. As mentioned earlier, the declared philosophy of short-time working may well be common to all the countries where it can be found but its actual application and combination with other existing labour-market arrangements can result in 'functional non-equivalence' when comparing countries. Matters can become more complicated when a dynamic approach is adopted because the current crisis appears to have changed the landscape to a considerable extent. At the most abstract level, the success can be defined as avoiding lay-offs whilst simultaneously preserving the collective competences of the company i.e. the correspondence of the result obtained by using the instrument with the objectives that its use was supposed to achieve. If this broad definition is taken, the success of short-time working will depend on several factors:

- the correctness of the assessment of the market situation by the management of the company; if the violent demand contraction is indeed a temporary phenomenon, then the use of short-time working is justified. If it is not, then it is a waste of time and resources since something else should have been done and short-time working would be inappropriate;
- the compensation offered to workers concerned by short-time working;
- eventually, the way in which the available free time was used by workers (although this last factor came to the forefront only very recently).

7.1.4 Drawbacks, limitations and typical costs

The drawbacks of short-time working appear to be the following:

- a) if the appreciation of the situation by the management (and the authorities) is incorrect and the problem is not temporary but structural, then an inadequate decision can result in useless spending of the company's and public budgets as well as in a loss of time, which could have been used to prepare workers for a career change;
- b) until the recent crisis, all the European countries where short-time working schemes were applicable (with the sole exception of Luxemburg), did not impose any obligation to use the short-time working period as an opportunity to develop workers' employability; workers were paid to do nothing;
- c) short-time working is conceived to be applicable only to categories of employees whose contribution can be clearly measured and timed. These are mainly blue-collar workers, which is enshrined in some countries' law (Belgium, for example) or established *de facto* by calculating wage compensation on an hourly basis (France, Luxemburg). This may be seen as unjust when short-time working allows avoiding lay-offs completely, because only the blue-collar workers are forced to accept wage cuts thus helping the company, whilst other categories of employees continue to be paid as before. It can also be seen as unjust if blue-collar workers avoid being laid-off with the help of public money, while other categories are hit by redundancies because they are not eligible for short-time working;
- d) the levels of wage compensation are generally very modest. This can be an issue in itself excluding well-paid categories of workers from taking part in the scheme (like in France), but it can be particularly problematic in companies, sectors or even countries where a significant share of perceived wages is constituted by extra-working time and bonuses. In this case, workers can protest against short-time working being put in place because their real wages will fall under acceptable levels (Romania).

7.1.5 Example: Recent changes in France: more time, more money and more training?

As mentioned earlier, the 2008-2009 economic and financial crisis acted as a catalyst to review the rules regarding short-time working in many European countries. This was the case in France where the Government announced its intention to change the rules so as to adapt short-time working to the exceptional circumstances of a rather long and violent slump in demand in many sectors of the economy. It should be mentioned that although adopted as early as in 1969 and used rather extensively in some sectors in the 1970s, 1980s and even 1990s (Chouvel 1995), short-time working became quite a marginal LM instrument in France by 1995. According to a recent study (Calavrezo et alii, 2008), between 1995 and 2005, less than 1% of French companies applied for funds to finance periods of short-time working and these concerned only about 2% of the workforce in industrial and service sectors during the same decade. The violence of the 2008 crisis, hitting in particular the automotive industry, was such that by the end of November 2008, nearly all car manufacturers based in France, as well as a great number of their suppliers, drastically reduced their production shutting down their plants completely or partially. The automotive industry was not the only one to be badly hit, with companies like Arcelor, Rhodia, Philips, Bosch and many others announcing similar measures. In this context, short-time working came to be considered as one of the

main (if not the main) labour market instrument to deal with the economic and social problems spawned by the crisis.

The French government responded by considerably extending short-time working periods whilst offering better compensation to the under-employed workers. Until recently, French law stipulated that short-time working could not be longer than four consecutive weeks or go beyond the annual quota of 600 hours. Beyond these limits of four weeks and 600 hours, the workers took up their unemployment benefits. The recent changes (November 2008 to January 2009) extended short-time working to six weeks in a row and the annual quota to 800 hours and even 1,000 hours for those sectors most severely hit. At the same time, the minimum compensation of 'idle' hours improved as well, increasing from the minimum of 50% to 60% of the gross hourly wage (about 80% of the net wage). In any case, it cannot be below EUR 6.68 (the French minimum hourly wage), as compared to EUR 4.42 previously. The contribution paid by the State is set at EUR 3.64 if the company has less than 250 employees and at EUR 3.33 in all the other cases. The rest must be covered by the company, who are exempt from the majority of social contributions on the 'idle' hours. The employer may choose to compensate more than the legal minimum but the exemption regarding the social contributions will not apply for the share which exceeds it.

Whilst reinforcing the 'classical' short-time working, the French government reintroduced the old instrument called 'TRILD' (reduced working time of long duration), created in 1993 and abandoned in 1996. In April 2009, the TRILD was renamed APLD (reduced activity of long duration). The APLD allows companies facing structural economic problems to reduce working time of some categories of employees for 12 to 18 months with the maximum quota of 1 200 hours (as against 800-1 000 hours), whilst benefiting from more generous short-time working compensation schemes. Thus, the APLD compensation cannot be inferior to 75% of the gross hourly wage (as compared to 60% for the 'classical' short-time working) with a more significant contribution offered by the State: EUR 7.74 for companies of less than 250 employees and EUR 7.23 for all the others. In return, the company must sign a specific APLD agreement with the State, making several commitments. One of them is not to dismiss workers for double the APLD period. Should the company violate the clause, it will be liable to reimburse to the State all public funds received and all non-paid social contributions.

In addition, the agreement must also contain clauses seeking to actively encourage workers under the regime of short-time working to enhance their employability. Although the absence of tangible results in regards to training is not punishable, the company must provide evidence that it has at least undertaken certain minimal actions. For instance, all workers must be summoned in writing to a specific meeting with their HR management where their needs for training will be determined and an 'an audit of their skills' will be conducted. The funds for training can be provided by the State and/or by specific sectoral training bodies (OPCA), where every company pays annual contributions. The obligations for the company in terms of training can be stricter if specified in relevant collective agreements signed at the sectoral level (such as in metal-working sectors in France).

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7.2 Sweden - Industry agreement on shortening working hours and lower wages

By Per Tengblad (ATK)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

7.2.1 Presentation

When the economic crisis reached the export-dependent Swedish industry, the first responses were traditional ones from the social partners. The level of notifications of redundancies reached an all time high in Autumn 2008. Unemployment took a big leap forward, especially in the private industry and for metal workers. The metal workers union, *Ifmetall*, were facing unemployment figures of up to 25%. Factory closures in formerly highly effective and competitive companies lead to rethinking on new ways of dealing with the effects of the crisis.

The instrument envisaged in Spring 2009 was a 'framework agreement on temporary lay-offs and training' between *Ifmetall* and the employer confederations in a number of industrial sectors. The framework agreement made it possible for local partners to reduce working hours in exchange for a wage cut, maximised to 20%. It is expressed in the agreement that local partners should strive for using the free time for training. If training is not arranged, the employees do not have any work obligation during that free time. The agreement runs for a limited time – between March 2009 and March 2010. At that time the central, general agreement expires.

In the restructuring process the tool has its greatest use in dealing with the effects of lost general demand and drastic decreases in sales rather than specific structural change such as outsourcing or mergers. The alternatives to this 'crisis agreement' are general redundancies, temporary production closures or business cycle-related working hours on a more permanent basis.

The crisis agreement is used as part of the discussion prior to the announcement of lay-offs. It is presumed there is a dialogue between the local partners on the economy and production situation in the company as well as discussions on different strategies to deal with the situation. In terms of the restructuring process the crisis agreement comes into use as part of organising dialogue and framing responses and gets into action in managing restructuring and change effects.

7.2.2 Implementation method

The agreement was made between *Ifmetall* and a couple of large employer confederations in different industrial sectors (automotive, telecommunications, machinery and metal). The framework agreement makes way for local agreements where it can be adjusted to the company's situation up to the levels stated in the central framework agreement. When the agreement was produced in March 2009 it got a lot of

publicity. Amongst the union movement there was criticism, even inside *Ifmetall*. A number of other unions in other industrial branches such as the wood and pulp industry would not follow the *Ifmetall* example. White-collar and professional unions in the industry were not keen on the agreement either but their local branches already had the possibility of making these kinds of local agreements.

It is important to see that *Ifmetall* was threatened with higher unemployment figures for their members, even compared with the big crisis in the beginning of the Eighties. This time, there also had been a cut back in the public subsidies to the unemployment benefits. The members stood to lose more than could be foreseen just a year ago. Furthermore there were serious threats on long-term competitive industries – threats that may have led to more long-term unemployment in the sector.

A number of companies almost immediately initiated negotiations with their local counterparts. In the automotive industry in particular, local agreements were made just weeks after the central agreement; implementation of the agreement was very fast.

The presumption of the central agreement is that local parties can enter into a joint local agreement, specifying the conditions from the company's situation inside the general terms of the framework agreement. Local agreements contain for instance:

- a maximum length of the agreement, generally between four to nine months, highlighting its status as a temporary solution;
- an undertaking from the employer not to notify any redundancies during the period and or two months thereafter;
- different solutions of how to take out the shorter working time, for instance by a certain number of 'stop days' over a certain period linked to a corresponding or less wage decrease or a general four-days week;
- a combination with postponed wage rises.

The negotiation processes have been difficult in many companies. In some sectors, local unions and members have been reluctant to enter an agreement. Members voting against the agreement have been common. Industries, such as the automotive industry with large redundancies previously have been more inclined to enter into agreements.

After six months of implementation, about 25% of the large companies in the concerned industries are covered by the agreement and around 10% of SMEs. In total, 100 000 workers in the industry are estimated to be covered.

7.2.3 Success factors

Saving jobs has been the major motive from the unions. Estimations have been made that 12 000 jobs have been saved over the first six months, securing those jobs for their members and taking pressure off the unemployment funds.

From the employer perspective, the agreement offers a flexible solution to cope with sharp decreases in demand. Firing and reemployment, which could be an alternative, run the risk of losing competent personnel who may only be able to be kept by working fewer hours.

Where a local agreement has been made, they have been built upon:

- earlier 'bad' experiences of general redundancies;

- good cooperation between employers and unions;
- many internal discussions amongst members of the union, followed by voting on the agreement;
- better terms (from the employees point of view) than the general agreement;
- complements other cost-saving measures.

7.2.4 Drawbacks, limitations and typical costs

It is important to mention that the tool is limited both in time and space. It is a temporary agreement ending at the same time as the general wage agreements expire on the 30 March 2010. It only covers a part of the labour market. In 30% of the companies it only covers the *Ifmetall* workers. The white-collar and professional workers have been somewhat more reluctant in entering into the agreements. The large central union for white-collar workers, *Unionen*, has been rather negative. However, faced with local discussions in the company many local representatives have accepted the solution.

Another problem is that the solution of cutting down working hours and wages due to production downturn on the factory floor is easier than doing the same in development, managerial, administrative and service tasks e.g. if cars aren't selling it becomes evident at the production line as no orders come in, yet product development is still needed for new products and markets - marketing activities are still needed.

The economic aspects are limited to a 20% wage cut and corresponding cut in working time. Investigations show that the agreements made on an average has meant a 13% decrease in wage and 18% working-time cuts.

Both central partners were clear about using the free time for training and promoted it both in the agreement itself and in public expressions. Experiences so far however show little use of training, mainly due to lack of training plans in the companies.

Even if there have been calculations of jobs saved, there are also examples where making an agreement did not prevent the company from still going bankrupt.

7.2.5 Examples

At one of the large automotive company with about 15 000 employees with sites around the country an agreement was made very close in time to the central agreement. Earlier on about 2 000 workers had been notified for redundancy and production had been closed for 30 days. The local parties negotiated an agreement in order to avoid further redundancies. The agreement was sent out for a member vote and was accepted.

The agreement contained amongst other things:

- 1.5 hour per week maximum shortened working time and a maximum of 4% wage decrease;
- postponing wage raises for 2009 until 2010;
- no redundancies during the period or six months afterwards.

In a smaller company, part of a larger global group, an agreement was made built on spreading out 'stop days' at a maximum of 30 days, with 70% payment for those days. A joint partner group plans the stop days and discusses other cost saving measures.

7.2.6 Bibliography

There are no evaluations made so far, except for one from the employer organisation 'Teknikföretagen' Internet: www.teknikforetagen.se.

From the unions, there is information on the agreement at internet: www.ifmetall.se

Fiche summary:

Who is in charge to set up and initiate the use?	The employer in negotiations with the local unions.
With help from whom?	The local unions have a 'veto situation'. By not going into negotiations or turning offers down, the instrument will not come into use. The central (sector) partners can act as mediators.
What helps its implementation?	Earlier large redundancies with negative effects both for the operations and the concerned individuals. It is also important to realise that unemployment costs hit the unions' unemployment funds. Through using the agreement unemployment can be avoided, which is the sole reason for the tool.
What are the problems for its implementation?	The cutback in wages for all employees not having the private reserves to cope with an up to 20% wage loss. The tool can be stopped either by the local unions finding wage cutting a bad union strategy, either the employees/members saying no by a voting procedure.

7.3 Germany – Short-time work

By Pamela Meil

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

7.3.1 Presentation

The tool is called 'short-time work' and it is a government-funded support mechanism designed to prevent the need for lay-offs resulting from restructuring during economic downturns. The measure has a long-term historical tradition in Germany, first introduced at the turn of the nineteenth century in mining and large-scale manufacturing. It has been used since then to manage the labour market during economic downturns. The tool was actively developed from the 1990s, to deal with the crisis linked to German reunification. In the current economic crisis, an expanded version of the tool has been implemented, called short-time allowance plus. The scope of this tool has been extended from a previous maximum of 12 months to 24 months. Various other innovations were added that are explained below:

Firms that can no longer afford to provide employees with full-scale employment as a result of short-term downturns in workload for economic reasons or an unavoidable event are eligible to apply for short-time work benefits. Workers receive short-time allowance to offset the lost income in the amount of 60% of previous net wages; those with children receive 67%. The percentage of the decrease in work time can vary: any percentage up to a full 100%. Individual employees can be on short-time work and there can be variation amongst the workforce regarding the percentage share of short-time work. Employers pay only the wages due for public holidays and vacation time. Social insurance contributions decline to a level of 80% and are shared 50/50 by the local employment agency and the employer.⁴⁴

Companies of any size can request short-time work. A prerequisite is that the works council must agree. In cases where there is no works council, short-time work may be applied for if all of the affected employees consent.

General timeline:

1. Agreement on short-time work with the works council or employees affected;
 - a legal basis has to be created to apply for short-time work by:
 - i. collective agreement
 - ii. a signed agreement with the works council
 - iii. an individual agreement with the employees affected by the short-time work if no works council exists.
2. Notification and applying for financial refunding of short-time work with the federal

⁴⁴ In Germany, social insurance contributions are generally paid 50% by the employer and 50% by the employee (with some exceptions in unique cases).

employment agency:

- To apply for wage support payments, the federal employment agency (Bundesagentur für Arbeit) has to be notified in written form about the loss of work by the employer. In the application it is necessary to:
 - i. demonstrate that the downturn is caused by an economic crisis or an unavoidable event;
 - ii. demonstrate that the company has undertaken measures to prevent the potential downturn in capacity;
 - iii. demonstrate that the downturn is temporary;
 - iv. request support for a particular percentage of short-time work for a particular share of the workforce.
- 3. Once the agency makes a positive decision (there is no fixed time for this, but the time frames are short), the support based on each worker's personal situation (amount of short-time work, family status) is distributed monthly to the company;
- 4. Once the application for short-time work is accepted, it is possible to apply to the federal employment agency for training measures either for vouchers or for career counselling and more extensive training in an educational institute or in-house retraining.

Short-time work support can last up to 24 months but is reviewed after 12 months.

Innovations surrounding the crisis have been that workers on temporary contracts and external workers can receive short-term work allowances. Also, the federal employment agency bears the full cost of contributions to social insurance (both the employer and employee shares) after seven months or as early as the first month in cases where workers undergo training and skill development during short-time work. The innovation to connect measures of job security with increasing capacities to compete by strongly supporting training during the short-time work phase is a central enhancement of the tool triggered by the crisis.

7.3.2 Implementation method

The tool is based on a labour market policy instrument that is part of a law promoting labour and is run by the federal ministry for labour and social affairs and financially supported by the federal employment agency. The tool is voluntary; it is seen as an offer to companies to weather short-term economic downturns and to retain their workforce so that when economic recovery sets in, it will be easier to resume its business activities and maintain its productivity.

The main actors responsible for its direct implementation are employers, social partners and the local employment agency.

Applications to the employment agency for financial support of training measures can be carried out both by the employer and the employee. If the request is granted, education coupons are handed out. The employee can use the coupon at any accredited further training agency or organisation. Tips on finding the right course can be found in a document available at the employment agency or in an internet databank which provides information on training and further training opportunities.

European social funds are available for some training initiatives. In order to receive funds for training during short-time work, financed by the European social fund, the

employer has to provide a training concept paper. The funds are targeted at workers with low levels of formal training and the amount of funding depends on the type of training, the size of the company and the number of people eligible for funding.

Short-time work as it is practised in Germany is divided into three different forms:

- 'Transfer' short-time work is for restructuring involving long-term work stoppage through closure, partial closure, or cutbacks. This measure was introduced in 1988 and made a one to two-year continuation of employment relations possible despite redundancy; "if the work stoppage derives from a profound structural deterioration in the economic branch and the labour market displays extraordinary circumstances." (IAB Forschungsbericht 3/2009);
- 'Seasonal' short-time work is for lay-offs caused by seasonal fluctuation often found in the construction industry;
- 'Cyclical' short-time work is used for temporary economic downturns in which there is extensive work stoppage. This is the short-time work targeted for the current economic crisis and the one of most relevance for the toolbox.

7.3.3 Success factors

The prerequisite for implementing the tool is the knowledge that the support exists and information on how to apply for the funds. That means that information and consultation on the instrument has to be coordinated and a communication initiative has to take place in companies of all sizes. A second prerequisite is the involvement of social partners such as works councils, and when there is none, then the agreement of the workforce.

7.3.4 Drawbacks, limitations and typical costs

Short-time work is financed by the federal employment agency. The larger the economic downturn is, the higher the costs are at a given time. The banking crisis of 2008 to 2009 had extreme effects on the economy and therefore the Government had to commit to making a large investment in this tool. It is an interesting tool because small and medium-sized firms can easily use it, whereas most support mechanisms of this type are geared toward large firms.

Its limitations are that it is restricted to prevention of restructuring in short-term economic downturns. Thus if the restructuring has other reasons such as outsourcing, offshoring, business reorganisation, mergers, sector shifts then the measure is not appropriate. The company's prognosis for overcoming a specific crisis event has to be demonstrated before receiving support.

Short-term work still costs companies money because they have to pay for the work of ongoing orders or contracts as well as their share of social contributions even for the work stoppage. Also the number of workers determines fixed costs of employment and not the number of worked hours, so personnel costs drop below the actual work stoppage.

7.3.5 Examples

Cyclical short-time work in particular appears to be quite effective in preventing redundancies for the regular workforce and in helping mainly healthy companies to weather economic downturns. Combining qualification measures with the tool is also viewed positively although some evaluations have shown that actual use of the possibility for training is not very widespread or not very effective in reorientation into the labour market (IAB Forschungsbericht 3/2009).

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7.4 Spain - Communication plans in cases of staggered redundancies

By Bernadette Bergsma de Paz

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

7.4.1 Presentation

Communication plans in cases of staggered redundancies contain different communication activities and strategies that inform about gradual redundancies in order to avoid the social impact and negative perception of a massive lay-off.

A communication plan in cases of a restructuring process consists of:

- the employers address the works council, raising the alternative of staggered redundancies instead of the more drastic measure of massive lay-offs;
- creation of a crisis plan to establish the basis of the corporate behaviour when facing a crisis situation;
- designation of the spokespeople who will take care of the communication flow amongst the company, the workers and the media;
- appointment of a permanent crisis committee to support the communications department, keeping the information confidential;
- creation of a follow-up system to maintain good relations with the media, so that outsiders receive updated information about the restructuring process;
- establishing a call-centre to offer the people involved information about the situation;
- production of messages, documentation and communication material.

The aim of the plan is to communicate the real situation gradually to the staff, through the works council, avoiding uncertainties and the lack of effective communication, and informing them about causes and possible solutions.

Communication plans are a socially responsible action because they try to conciliate the interest between the aim of the company and the expectations of external agents, internal agents and stakeholders, taking into account the expectations of the agents involved from different points of view; economically, socially and environmentally and observing ethical values.

While carrying out the communication plan, it is important to distinguish between internal and external communication:

- internal communication serves to inform, persuade and guide the redundant workers and to try to motivate their employers, improving the work environment and their feelings towards the company;
- external communication is addressed at the media, trade unions and stakeholders (suppliers, customers, creditors, society, government) with the objective of

controlling external information and reducing the negative impact leaked information and unease. Workers' representatives try to channel external and internal communication; their role is to communicate effectively information which affects workers.

All communication to workers will be supported by material, such as meetings, announcements on notice boards, messages (Intranet and/or private blogs), and personal and direct communication. Communication material to the media will consist of an informative dossier containing key company data and figures, future projections and a press release, and a technical report containing a description of the problem and possible solution.

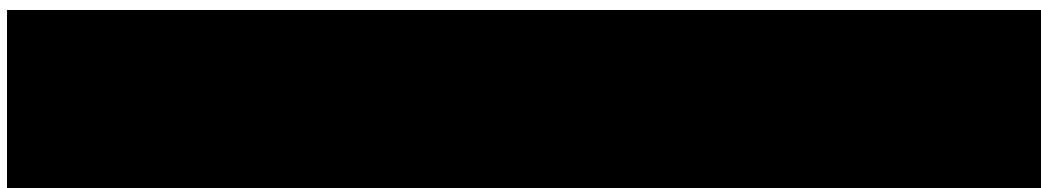
In all scenarios, it is necessary to adapt the messages and information as the crisis evolves and to develop new materials in accordance with the circumstances of the redundancies.

The actions to carry out are:

- group sessions to inform workers of the situation;
- social communication within the company i.e. public board, announcements;
- a workshop to inform about training courses and formative actions for affected workers;
- meetings with trade unions and public labour bodies to provide information and to foster collaboration;
- press releases and meetings with the media.

The function of the communication plan is to prevent conflicts and manage a crisis situation, choosing a team that will be responsible for informing about each stage of the redundancy process at external level (mass media, investors, general public) and at internal level (workers, suppliers, clients). In this sense, the works council has an important role in the process of communication and consultation between these two groups.

Within the restructuring process the communication plan is situated as an action to be put in practice prior to the announcement of lay-offs:



The communication plan is implemented before the implementation period of the restructuring process, since the focus group is the company's staff and every collective related to the company, so that there is enough time to prepare possible difficulties.

Most Spanish companies are not familiar with developing a communication plan, even in cases of restructuring. Since the crisis, there have been many companies that have had problems because of a lack of communication which has damaged the corporate image. To avoid such problems, there are now more companies who help cope with mass lay-offs through the use of good communication plans, taking into account both internal and external communication.

During negotiations of the workforce adjustment plan, communication between the works council and the company must be effective and fluid. The existence of good public relations between the main actors considered in a communication plan can help the workers to obtain more benefits and can help the company to cause a less negative impact.

Communication plans pay attention to the working conditions and the quality of the productive process, reducing the possible negative effects concerning motivation and expectations, and reducing the impact amongst the workers and their social environment. These plans also reduce the negative effects caused by mass redundancies by planning everything and informing everyone involved in time.

7.4.2 Implementation method

Communication plans are not mandatory, since every company decides how to invest in public relations and improve the communication with its workers and social agents.

For this specific case, there is no legal regulation for a communication plan for a company. In Spain, the termination of the employment contract requires some criteria contained in the Workers' Charter to be observed, especially that which concerns the communication of redundancies. The main sources of law for termination of employment in Spain are the Workers' Charter, Decree 2546/29 December 1994 on recruitment, and Decree 2/1995, which adopts the text in the Labour Procedure Act (LPA).

The actors involved in the implementation of a communication plan are: works council (who acts as spokespeople and transmit the information to workers), the Permanent Crisis Committee (who study the crisis situation to provide the timely information), the Communication department and/or HR department of the company, (who designs and implements the communication strategy).

7.4.3 Success factors

A communication plan created in cases of restructuring processes should have an outline, which should contain the following parts:

- a brief description of the problem;
- analysis of the current situation;
- communication strategy and SWOT analysis (Strengths, Weaknesses, Opportunities and Threats);
- target groups;
- customised messages for each level and agent (internal and external);
- means of communication (meetings, press release, notes);
- organisation and coordination of activities;
- planning;
- estimated budget;
- evaluation and control.

The implementation of a communication plan will be facilitated if all parties involved in preparing that plan accompany the preparation process from the beginning through to the end, and if there is adequate planning and administration of the work to ensure

effective implementation of the plan.

7.4.4 Drawbacks, limitations and typical costs

The main problems of communication plans are the pressure of internal groups, trade unions and the media. There can be situations that are difficult to foresee and it can be difficult to anticipate all of the possible situations. Another problem can be the lack of time to prepare a good plan.

A communication plan created for a restructuring process is focused on the internal and external collectives that may have some kind of influence on the whole restructuring process. Those excluded from it could be people who do not have any interest in the whole restructuring process.

The total financing of the plan would be part of the communication budget of the company.

7.4.5 Example

7.4.6 Bibliography

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Internet:

http://translate.google.es/translate?hl=es&sl=es&tl=en&u=www.elpais.com%2Farticulo%2Feconomia%2Fmulti-nacional%2FEFE%2FUU%2FCierra%2Fplanta%2FLleida%2Felevados%2Fcostes%2Fsalariales%2Felpepieco%2F20020209elpepieco_2%2FTes

Internet:

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Fiche Summary:

COMMUNICATION PLANS	
Who is in charge to set up the tool or mechanism at local level?	The company itself who is going to dismiss workers.
With the help of whom?	The communication department of that company, the permanent crisis committee, the spokespeople of the company.

<p>What helps its implementation?</p>	<p>The implementation of a communication plan will be facilitated if all parties involved in preparing that plan accompany the preparation process from the beginning until the end, and if there is made a good planning and a division of the work for the implementation of the plan.</p>
<p>What problems are there for its implementation?</p>	<p>The pressure of internal groups, trade unions and the media. The restructuring process can be difficult to foresee, so solutions are difficult to anticipate, and there can be a lack of time to anticipate staggered redundancies.</p>

7.5 Italy – Regional Employment Taskforce and Emergency Unit in Basilicata

By Marco Albanese, Giuseppe Romaniello Basilicata region

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

7.5.1 Presentation

Regional context

The observation of the crisis in the Basilicata region in 2008 identifies those sectors most affected as the automotive, upholstery and chemistry sectors (based on the number of companies in crisis). Moreover the number of employees who lost their jobs (the number of new unemployed people compared to the level of employment in the sectors) are as follows:

- upholstery circa 29%
- iron and steel circa 12%
- textile circa 9%

In order to fully understand the present crisis situation it is useful to observe the following three districts in the Basilicata region and related data about the redundancy funds in 2008:

1. The automotive district; its core is the FIAT-SATA integrated factory, situated in San Nicola di Melfi (PZ). It works with several primary level suppliers i.e. in the first tier of the supply chain, employing a high number of people in the neighbourhood. During the last two years, some providers have decreased the number of employees and have activated redundancy funds;
2. The upholstery furniture district; this is situated between the towns of Matera and Santeramo in Colle (Puglia region). According to a survey conducted by the University of Basilicata in 2006, the whole district was characterised by the failure of about 330 companies and the subsequent increase in the number of unemployed of about 4 000 people;
3. The Valbasento chemical district; this is situated in an inner area near Matera. The district has been in a state of crisis for many years. The majority of the companies have implemented a restructuring process involving a number of employees (downsizing process).

In 2008, particularly in the second half of the year, the overall amount of hours financed by the redundancy fund in Basilicata (about EUR 6.4 million) increased by 129% compared to the previous year. This was mainly due to the worsening of the general economic situation.

In order to face the challenges mentioned above, the Basilicata region has arranged a strategy based upon two kinds of emergency actions; one aimed at building a

workgroup in order to face the economic crisis (*Change Management Unit*); another aimed at promoting the economic regeneration and job protection at productive sites which are in a state of crisis (*Regional Regulation*).

The two tools on which the whole strategy is based are described as follows:

1. *The implementation of the Change Management Unit* (D.G.R. n. 148, 11 February 2008 – Administrative Act aimed at implementing the '**regional employment taskforce**'). The taskforce is an inter-departmental regional unit for the management of the regional actions, to protect employment. It is a specific office of intervention which whose aim is to monitor and manage the structures of company crisis.
2. *The implementation of the Regional Regulation, aiming at the economic regeneration and job protection in productive sites in a state of crisis.* In order to implement the Regional Law 28/2007, by the Administrative Act 148, 11 February 2008, The Basilicata region adopted the Regional Regulation for the delivery of aids for the implementation of plans aiming at the economic regeneration and job protection in productive sites in a state of crisis. The article n.18 defines the role of the '**regional employment taskforce**' which manages the procedure, while the involved department offices manage the delivery of the financing.

The regional regulation is divided into two main sections:

1. Part I, referring to the definition of the procedure for the implementation of plans aiming at the economic regeneration and job protection in productive sites in a state of crisis;
2. Part II, referring to activities, eligible expenditures and facilities for the economic regeneration plan.

The procedure may be described as follows:

- identification of the productive site and check that activity has ceased;
- activation of welfare support provisions for the affected workers;
- agreement to activate the economic regeneration procedure and the next issue of the call for proposals;
- identification of a suitable enterprise and agreement to regenerate the site;
- application for the business plan, composed by the industrial plan, the training plan (professional and continuous) and the recruitment aid plan;
- agreement to the final regional agreement for economic regeneration.

The taskforce and the regional regulation are tools aimed at supporting business to overcome the situation of crisis through:

- searching for new potential ownership;
- sharing the business strategy of the new ownership;
- evaluating the business plan in order to provide effective solutions for the crisis, by using shared criteria.



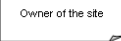
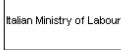







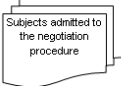




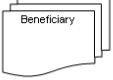





An outplacement team would be illustrated by the following chart which summarises the situation of the proceedings that have already been implemented:

Before	During	After	
Permanent Actions	Prior to the announcement of lay-offs	Announcement and the following information, sharing and consultation	Implementation period
<p>Taskforce, in collaboration with social partners, checks the possible situations of crisis</p> <p>Before the subscription of the first agreement, the Basilicata Region identifies the sites in crisis:</p>	At the moment of the subscription of the First Agreement, the Basilicata Region is provided with the real data about workers risking losing their jobs	Each procedure is in a specific phase of the information, sharing and consultation process	<i>No procedures have yet been completed.</i>
Previously <i>Standartela</i> (Sant'Angelo Le fratte - PZ)	116	Call issued, but it will be done again because the admitted subject cannot accomplish the programme	
Previously <i>Filatura di Vitalba</i> (Atella - PZ)	56	Call to be prepared, because the involved subject has requested to modify the agreement	
Previously <i>Mahle</i> (Potenza)	106	Reindustrialisation agreement with the admitted subject	
Previously <i>MisterDay</i> (Valle di Vitalba - PZ)	153	Call to be issued because there have not been any expressions of interest	
Previously <i>Daramic</i> (Tito Scalo - PZ)	137	First agreement signed and waiting for the definition of the call	

Previously <i>Lucana Calzature</i> (Maratea - PZ)	284	First agreement signed and waiting for the definition of the call	
Previously <i>Panasonic</i> (Val Basento, Pisticci - MT)	80	First agreement signed and waiting for the definition of the call	
Previously <i>Apelle</i> (Val Basento, Pisticci - MT)	72	The subject that presented the expression of interest has pulled out. Site sold to another subject by call for proposals	
Total	1 004		

Furthermore, five further proceedings are in the start-up phase according to the previously described regional regulation

In order to understand the relationship between implemented institutional tools and restructuring processes, it is useful to observe the following flow chart, which shows how cooperation amongst the actors involved enhances the identification of 'contra-crisis solutions':

Art.17, regional Law n. 28/2007 - Reindustrialization and job protection in productive sites in a state of crisis					
Procedure					
	Activities	Public Structures	Private Subjects	Others	Notes
1	Identification of the productive site in a state of crisis according to the 'art.17 of the RL 28/07				The site is identified as a consequence of a company crisis and is provided by the Basilicata Region in consultation with the social parties. The Region checks if the site has some specific requisites in order to access the procedure.
2	Check of the availability by the owner of the involved site to cease his/her ownership				
3	Activation of welfare support provisions for workers				At the moment of the end of the activity, workers start receiving a minimum wage
4	Subscription of the first agreement for the activation of the reindustrialization procedure , according to the art.17 RL 28/07				Agreement subscribed between the social parties and the Basilicata Region also in cooperation with the Italian Ministry of Economic Development
5	Issue of the Call for Proposals				Issue of the Call for Proposals on the Official Bulletin of the Basilicata Region and on three newspapers (one should be a national edition)
6	Presentation of the Expressions of interest				The expression of interest has to be presented within 30 days from the issue of the call and is supplied by some useful documents for the evaluation procedure.
7	Identification of the Admissible Subjects for the start of the negotiation procedure				The Admissible Subjects are those companies having the minimum requisites included in the call.
8	Start of the Negotiation Procedure				The start of the Negotiation Procedure aims at identifying the subject admitted to the subscribe an Agreement with the Basilicata Region and the social parties. This procedure aims at the improvement of the offer conditions which is the core element for the Basilicata region to start the procedure.
9	Identification of the admitted subject to subscribe the reindustrialization agreement				
10	Subscription of the REINDUSTRIALIZATION AGREEMENT				
11	Request for the investment support, composed by the industrial plan, the training plan (professional and continuous) and the recruitment aid plan				
12	Evaluation request				The evaluation process is based on automatic criteria in order to make the procedure fast and easy.
13	Dissemination of the evaluation results and subscription of the Final Agreement (+ Attached Business Plan)				

The two tools - change management unit and regional regulation -are characterised by qualifying elements such as:

- the modelling of an operational tool able to reply with timeliness, simplicity and procedural transparency to the crisis situations in Basilicata;
- recourse to an information-sharing and consultation process between the Basilicata region, social partners, non-profit organisations and local boards in order to identify new entrepreneurial initiatives to respond to the productive emergencies in the region;

- the merging into one single tool of the incentives and contributions to support productive training and employment investments;
- full involvement of the banks and the training system to help to implement the activities of the economic regeneration plan.

7.5.2 **Implementation method**

As previously explained, the regional regulation is part of a wider strategy, which has foreseen a series of emergency actions, deriving from a regional law and other administrative acts. The legal source of the whole strategy is the Article 17 of the Regional Law n.28, 28 December 2007:

"1. In order to allow the recovery of the regional industrial system and to contribute to the job protection, the Basilicata Region provides regional economic aids, in observance of the European, national and regional regulations."

"6. The financial resource is provided by the OP Basilicata EFRD 2007-2013, the OP Basilicata ESF 2007-2013, and by other national and regional funds."

Several calls for proposals and public tenders deriving from Regional Law n.28 of 28 December 2007 about financing plans aimed at economic regeneration and job protection in productive sites in a state of crisis.

The whole procedure is managed and monitored by the taskforce which has the following tasks:

- coordination of the regional actions for job protection;
- monitoring and management of sectoral and company crisis situations;
- relationship with the social partners;
- relationship with the financial institutions;
- searching for solutions to combat the crisis.

The taskforce is composed of three departments within the Basilicata region:

- Regional Council Presidency;
- Productive Activities;
- Training and Labour.

Through the description of these two tools, it is possible to understand who the main roles in this process belong to:

Basilicata region - has responsibility for the action and the tools. The above strategies and tools show how the Basilicata region has the role of policy coordinator in order to make every action coherent to everyone involved in the region;

Social Partners - they have a responsibility for the management of each situation of crisis. This approach is coherent with European practice on the sharing and consultation processes.

7.5.3 **Success factors**

In accordance with Article 17 of Regional Law 28/2008:

"2. The potential beneficiary enterprise can obtain regional aids [...] if:

- a) *the investment is implemented in industrial sites in situation of crisis and with over 15 employees, after subscribing to a specific agreement between the public and social partners;*
- b) *it recruits at least 50% of the employees working at the site equating to at least 15 employees;*
- c) *it has at least 15 employees at the time of the proposal."*

The implementation of the tools enhances:

- a) the improvement of the role of the social and economic partnership (SEP) through an involvement focused on the issue;
- b) the simplification of the procedure of the access to the structural and regional funds, through a sort of just in time process;
- c) the identification of more multi-tasking contents of the business plan, which includes the investment plans, the training plan and the recruiting aids.

7.5.4 Drawbacks, limitations and typical costs

The Basilicata region is waiting for the results of all calls for proposals. When this happens, the region will be able to evaluate the drawbacks and limitations of the tools.

The owners of the industrial sites in crisis are not allowed to present any expression of interest in reply to the public call. In this way, each call will involve new management and new potential ownership.

The financial resource is provided by the Basilicata EFRD 2007-2013, the OP Basilicata ESF 2007-2013, and by other national and regional funds.

Through the European Regional Development Fund, it is possible to cover the following costs: capital accounts and interest account aids for investment in material and non-material assets, in accordance with European regulations.

Through the ESF it is possible to cover the following costs: training, vouchers to support unemployed workers' re-entry into the labour market, personal action plans, training for job search, recruitment subsidies and support towards self-employment.

7.5.5 Examples

The Basilicata Region is waiting for the results of the all calls for proposals. It will be possible to know more specific information about each crisis situation by observing the chart above (Section 7.6.1).

7.5.6 Bibliography

Website of the Basilicata region, Internet: www.basilicatanet.it

Website of the Regional Department of Training and Labour, Internet: www.regione.basilicata.it/dipformazione (website of the Regional Department of Productive activities, Internet: www.regione.basilicata.it/dipattivitaproductive (example of a call for proposal, Internet: <http://www.regione.basilicata.it/dipattivitaproductive/default.cfm?fuseaction=doc&di r=1458&doc=2059&link=>

7.6 Italy – Dealing with crisis in Piedmont

by Piedmont region

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

7.6.1 Presentation

Regional context

The Piedmont region has been seriously hit by the economic and financial crisis as can be witnessed by analysing PES data from October 2008. The most alarming situation is unemployment, ranging from 90 000 at the beginning of 2008, to 120 000 in October 2009 and 140 000 in December 2009. That means the unemployment has increased by 50% in the last few months, which is unprecedented. The worst performance figures are for northern Italy, rising from 4% in 2007 to the present figure of 7% unemployment.

Beyond direct unemployment, the reduction in activity has used redundancy funds. This type of fund supports employment income, in specific periods. The employee is formally employed in the same company, but on stand-by for when normal activity resumes.

The large scale use of the redundancy fund is the best indicator of negative impact on an industry sector. From October 2008 onwards, it has seen an unprecedented increase, reaching a peak in May 2009 with 17 000 000 hours; in June 2009 it fell to almost 12.000.000 short-time working hours.

The Piedmont region is not only the region in Italy where the increase in unemployment is greatest, but is also the region where the use of redundancy fund is the highest.

The agreement between Piedmont region and social partners of 27 May 2009 to implement national law 2/2009, extends the redundancy fund to all economic sectors and all types of company, given the depth of the crisis, and to unemployed groups not previously covered. The redundancy fund witnessed a sharp increase in requests in 2009: between January 2009 to June 2009 almost 4, 500 requests were registered, at an estimated cost of more than EUR 100.000.000. At the beginning of the crisis, the total amount of money used to support employed and unemployed people affected by the crisis (through unemployment allowance and redundancy funding), did not cover all people and companies involved. As a result, without a formal national law to cover such circumstances, the Government, in agreement with the region and social actors, decided:

1. to prevent where possible, the termination of employment contracts that used the redundancy fund, and including economic sectors not previously included in this type of action and to make an exception to the law prior to a law reform;
2. to support the groups of unemployed people who may have been previously excluded from this type of benefit by introducing a special dispensation in the law;

3. to involve the regions that are competent in labour and training policy matters and manage ESF funds within national resources to link, for the first time to such a scale, income support with active policy. ESF has been used to provide incentives to participate in active labour market initiatives and to offer public services to increase the employment level and adaptability;
4. that involvement of social partners at national and regional level was relevant.

Piedmont region signed the region's agreement about the crisis in February 2009 and set up a blend of active and passive policies, financially supported by the Regional Operative Programme (co-financed by ESF), the Employment Fund and the FAS (Undeveloped Areas Fund).

The set of active policies have been coordinated by Piedmont region and managed in cooperation with trade unions and business associations, employment services run by the Provinces, the regional in-house structure '*Agenzia Piemonte Lavoro*' and '*Italia Lavoro*', agency of the Ministry of Welfare.

All the strategies have been collected and organised in an Act of Trends and specific guidelines in order to entrust, manage and coordinate the interventions. The active policies have been adapted to workers' needs in order to improve their chances of being reintegrated into their post or to find an alternative job.

7.6.2 Implementation method

The region has general responsibility for the plan, in accordance with the Government and social partners; eight provinces have local responsibility for the work of public services organisations and private actors (determined by public selection). Partners in the provinces must be able to organise action by encouraging partnerships which unite different competences in professional training and work and reallocation services.

Every worker affected by the crisis is entitled to have access to exceptional financial measures (the so called 'social shock-absorbers'), which are controlled by the provinces and provide tailor-made actions, directly or through agreements with other local institutions, both public and private, to:

- 1) strengthen and update skills for 'suspended workers' who have a chance to be reintegrated back into the company;
- 2) enhance competences and chances to find a new job, through vocational guidance as well as actions in order to strengthen and modernise skills, for the workers with no chance to be recalled by the same firm.

Services such as individual accompanying measures, vocational training and guidance and other measures which help people to look for a job, can be delivered to workers in special circumstances (workers receiving the guaranteed wage fund, special forms of unemployment, new categories specific to the current crisis, as agreed between Piedmont region and trade unions).

The overall services delivered and actions made by the local operators are called 'Integrated Projects', tailor-made on the basis of workers needs, through the 'Service Pact' and the 'PAI' (Individual Action Plan).

- **Service Pact** – this is drawn up between the worker and the PES and contains the mutual responsibilities and the 'pathway' of active policy to be defined in the PAI, in accordance with the employability profile' of the worker and the services available in the region;
- **Individual Action Plan (PAI)** – signed between the worker and the PES responsible for delivering the service, and takes into account the length of the suspension period, the extent of employability (high, average, low) and contains details of the type and duration of all the services to be delivered to the beneficiaries.

A worker receiving income support must be available to follow a PAI in active policy as described above. The PES addresses the obligations and responsibilities between the worker and the service. If the worker does not observe the PAI, (s)he loses the possibility to receive the income support.

The PES is in charge of administering the PAIs, which are administered using PES and social partners' resources, administered in partnership. The PES is the local operator and joins public and private actors, in partnership.

7.6.3 Success factors

Piedmont region considers the mismatching between vocational training and guidance services and the accompanying measures as hampering collaboration between the different actors playing some role in managing the workers struck by the crisis.

Piedmont region considers that there an example of good practice is that which has been piloted for vocational training interventions which are set up 'on request', based on the specific needs of workers whose participation is boosted by a small money as an incentive, financed with remainders from ESF 2000 – 2006.

Since 2006, in Piedmont specific actions to reallocate funds to help unemployment resulting from companies in crisis has been progressively introduced into labour market policy (financed partly from ESF funding and partly from regional funding and from government funding).

7.6.4 Drawbacks, limitations and typical costs

The general resources and the total cost of this programme are indicated above in Section 7.7.1 - the redundancy fund witnessed a sharp increase in requests in 2009: between January 2009 and June 2009 almost 4 500 requests were registered, at an estimated cost of more than EUR 100 million. The mission is to simplify so it was necessary to determinate the reasonable standard cost for each type of service, underline the expertise within the region and conduct a market survey. It should be noted that the service became part of an individual programme, so it may change, in 'a restricted' way, the sense of complexity and duration.

The programme is looking for answers to:

- better integration of passive politics (national level) and active politics (local level);
- better integration of work services and training services;
- better integration of public and private partners/stakeholders;
- better management of process administration of local public services;

- simplifying bureaucracy;
- looking for a balance between actions at a micro level and the macro system of politics (i.e. on-the-ground actions (local level) and the overarching systems (national level) -standard services and standard cost, integrated information system at regional and national level, financial systematic check, auditing).

These matters presume a new approach and, at the same time, may give rise to operative problems in the short term i.e. procedure adjustment, information system support. The objective is to maintain the focus of active policies and the mission of the ESF, but there are many risks. For example, the coherence of active policy and the requirement to personalise the actions is in contrast to the strict balance that means that the amount of active policy resource dedicated will be traced to the individual programme in term of time and cost. Another risk concerns extending the ESF fund to cover the cost of special dispensation shock-absorbers (from participation to active policy); this increase means that there is a decrease in the ESF funding to other targeted people hit by the crisis but who do not need economic support.

In the national context there some important economic questions to be asked, linked to the sudden aspect of the crisis and its greatest impact. It is necessary to ensure a measured approach to crisis at post-crisis time.

It has also to also be noted that, at present, links are still insufficient between the programmes of this nature which impact on human resources and programmes to support development projects that affect the physical infrastructure of business (investment in machinery, export, production improvement).

7.6.5 Examples

7.6.6 Bibliography

Graphique N°1 :Community documentation

- [Lettera della CE sugli aspetti di attuazione degli interventi per la crisi \(27/04/2009\)](#) Letter from the EC on matters of implementation of interventions to the crisis. (file pdf - 166 kb)
- [Risposta della Ce alla lettera del Ministero del Lavoro \(25/05/2009\)](#). EC response to the letter of the Ministry of Labour (file pdf - 108 kb) [Allegato](#) Annex (file pdf - 765 kb)
- [Lettera della CE di conferma di condivisione del documento tecnico inviato dal Ministero del Lavoro nella versione definitiva \(05/06/2009\)](#). Letter of confirmation of the EC's share of the technical document sent by the Ministry of Labour in the final (file pdf - 180 kb)

Graphique N°2 : National documentation

- [Accordo Conferenza Stato-Regioni/PA del 12 Febbraio 2009](#). Stato-Regioni Conference Agreement of 12 February 2009 (file pdf - 222 kb)
- [Tabella suddivisione risorse per fabbisogni Regioni/PA](#). Table · division resources to meet requirements Regions / PA. (file pdf - 49 kb)
- [Resoconto dell'incontro a Roma con Ministeri, Regioni e CE \(31/03/2009\)](#). Report of Rome with Ministries, Regions and the EC (file pdf - 49 kb)
- [Intesa sull'attuazione dell'accordo Governo-Regioni \(08/04/2009\)](#). Understanding on the implementation of Government-Regional (file pdf - 105 kb)
- [Lettera del Ministero del Lavoro indirizzata alla CE con allegati gli aspetti di attuazione degli interventi contro la crisi \(8/05/2009\)](#) Letter from the Ministry of Labour addressed to the EC with attachments aspects of implementation of measures against the crisis.(file

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- [Lettera del Ministero del Lavoro alla CE con allegato in versione definitiva la scheda tecnica per l'utilizzo del FSE per gli interventi contro la crisi \(27/05/2009\)](#). Letter from the Ministry of Labour to the EC with attachment to the released the technical details for the use of ESF for taking action against the crisis (file pdf - 81 kb)

Graphique N°3 :**Regional documentation**

- [Accordo Ministero del Lavoro - Regione Piemonte del 22 Aprile 2009](#). Agreement between the Ministry of Labour and the Piedmont Region of 22 April 2009 (file pdf - 1,31 mb)
- [Tabella reperimento risorse POR FSE Piemonte per fronteggiare la crisi](#). Tables on finding resources POR ESF Piedmont to meet the crisis (file pdf - 74 kb)
- [Accordo fra la Regione e le parti sociali piemontesi per la gestione 2009-2010 degli ammortizzatori sociali in deroga \(27/05/2009\)](#). Agreement between the Piedmont Region and the social partners for the 2009-2010 administration of allowances in derogation (file pdf - 1,70 mb)
- [Allegato A\) all'accordo fra la Regione e le parti sociali piemontesi relativo ai Criteri generali di gestione delle deroghe](#). Attach thereto the agreement between the Piedmont Region and the social partners concerning the criteria for overall management of allowances in derogation (file pdf - 25 kb)
- [Allegato B\) all'accordo fra la Regione e le parti sociali piemontesi relativo alle Norme transitorie](#). Attach thereto the agreement between the Piedmont Region and the social partners on the transitional rules (file pdf - 13 kb)
- [DGR Regione Piemonte 59-11547 del 03/06/2009 per l'individuazione delle risorse finanziarie per gli interventi di sostegno al reddito ed alle competenze per i lavoratori colpiti dalla crisi economica](#). Deliberation of the Government of the Piedmont Region of 03/06/2009 for the identification of financial resources for the interventions of income support and skills for workers affected by economic crisis (file pdf - 1,61 mb)
- [Convenzione Regione-INPS che regola i flussi finanziari ed informativi fra i due Enti](#). Region-INPS · Convention that regulates the flow of funds and information between the two bodies.(file pdf - 2,93 mb)
- [Circolare del 29/07/2009 INPS-Regione sulle modalità attuative degli interventi previsti per la gestione degli ammortizzatori sociali in deroga](#). Circular of 29/07/2009 · INPS-Region on how the implementation of the planned measures for the management of allowances in derogation (file pdf - 6,20 mb)
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- [Allegato A\) alla DGR 84-12006 del 04/08/2009 relativo alla Direttiva pluriennale per gli interventi contro la crisi contenente l'Atto di indirizzo per la formulazione dei bandi provinciali](#). Appendix to the decision of 04.08.2009 on the multi-Directive for measures against the crisis including the Act of address for the formulation of provincial notices (file pdf - 364 kb)

The tools in Piedmont Region Programme are described at internet site: <http://extranet.regione.piemonte.it/fp-lavoro/centrorisorse/catalogo/index.htm>. Each project is described in a format of description of services developed; description of professional profiles operating inside the services; descriptions of instruments and tools used by operator. The information and the material are very important for mainstreaming experiences.



8. Organising transition in a secure and dynamic way

“Re-employment is not just a technical replacement of one employer and contract by another but requires a ‘transition’ – a journey, time to do it, and a change of mind-set occurring on the way.”⁴⁵ Organising this transition means firstly taking people into account and paying attention to individuals’ needs and projects while accompanying them from one job to another. Quick matching processes, i.e. finding a new job as quickly as possible do not fulfil this requirement. However they may be suitable for those whose employability is generally at a high level, because they are in good health, they have worked in a company where they have got good references and have skills which are sought after in the labour market. Such a description draws attention to the link between the function presented here and the one we have called ‘developing workers’ employability’ which complements it. For young trained people, who are used to working within organisations where initiatives are fostered and multi-skilling is encouraged, the journey is easier. For older workers who have performed repetitive and less-skilled jobs, the journey is much more difficult. In any case four sub-functions have to be performed:

1. **providing security to people undergoing transition** - security is a complex issue but basically it means:
 - A status. In the case of restructuring, this refers to people who are about to, or have already lost their previous status by losing their job. ‘Unemployed’ is the label most often given but is also one of the least rewarding in our societies. This is why in some devices the labour contract is maintained and in some others the status of ‘trainee’ is proposed;
 - A secure income as close as possible to the previous one. In most countries, this income is provided by the unemployment insurance but in several countries a top-up is provided in case of restructuring;
 - Being covered for health hazards and helped when facing health, social or psychological problems;
2. **organising accompaniment.** Since transition is a journey in which people need help and advice, accompaniment is a core sub function whose efficiency depends on its ability to adapt to various and diverse individuals;
3. **restoring employability** - Since technologies, markets and abilities evolve employability may be lost or become very low. Restoring it is a function that has to be performed each time there is less, or a complete lack of, demand for a given set of know-how or knowledge on a given labour market;
4. **organising labour market access.** As in any market, and to varying degrees, barriers exist to access to a given labour market and help is required by individuals to access it.

Depending on the country and its traditions, devices and tools aimed at organising job transitions are built by the State or by social partners, and very often are partly built by the social partners and partly by the State. PES always play an important role but in nearly all the European countries, private initiatives and bodies, driven by companies, social partners or local authorities, have been set up and also play a role in the transitional process. This role is important and coordinated with the PES to various

⁴⁵ Matthias Knuth (2008) ‘Supporting job transition : employers, workers’ representatives and agencies’ in Gazier B. and Bruggeman F (eds) 2008, *Restructuring Work and Employment in Europe*, Edward Elgar

extents in different countries. It seems that private and public initiatives as well as public and private co- financing are conditions for building and the very existence of a 'job transition system'.

Job transition also requires special settings collectively designed to help individuals and providing them with professional and well trained counsellors in charge of doing so; to this purpose job security councils in Sweden, employment transfer companies in Germany, reconversion units in Belgium, labour foundations in Austria, and redeployment platforms in France, are 'functional equivalents' in this field. These require special attention that may offer three points of view for reading the fiches:

1. the quality of the device itself - what its reputation is amongst workers and companies, how are the concerned people informed (a letter alone is seldom sufficient), what is the ratio between individuals accompanied and counsellors (more than 50:1 suggests a less-efficient service), its ability to efficiently provide, coordinate and adapt to the individual a number of services (training, coaching, skill evaluation), how long the device is offered (the fiches seems to indicate that one year is a minimum) and, finally, the way it is able to adapt to cyclical activity (at least at territorial level, where the problems occur and have to be resolved);
2. its scope i.e. what percentage of the people covered actually has access to the device? What is striking when looking through the fiches are two things: Firstly that, mechanisms may be efficiently used by small companies either when they are built by agreements (JSO – job security organisations), or territorially based (Austrian Labour Foundation, French job transition contracts); secondly, it is often the case that only a minority of workers losing their jobs may access real transitional devices;
3. its results - unfortunately in this field as in many others it has to be recognised that evaluation is not as widespread as it should be (see user's manual Section 2.2). The Austrian labour foundations have been carefully evaluated at national level but this is not typical. Nevertheless partial evaluations do generally exist, often at national level and may indicate where progress could be done.

8.1 Sweden - The Job Security Organisation

By Per Tengblad

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.1.1 Presentation

When facing redundancies measures are taken to support redundant personnel through a combination of financial subsidies and employment support activities. These measures are taken through a system of so called 'job security organisations' (JSO). In the different sectors of the labour market, companies are linked to a social security system based upon collective agreements. The JSO provides a combination of economic support and job counselling for those made redundant in a restructuring or downsizing situation. The exact financial and specific support activities differ somewhat between sectors and collective agreements. Common measures are:

- the supporting activities take their starting point in, and are adjusted to, the individual situation in terms of reaction to the notification of the redundancy, age, gender, occupational background and individual possibilities in the labour market;
- individual support by an personal advisor or coach where the interaction between the advisor and client (the redundant employee) guides the process of finding the most appropriate and specific measures;
- specific training courses i.e. updating or complementing the occupational competence or in support of a career shift;
- general training courses to improve the individual's labour market value i.e. development of job seeking skills such as preparing a CV;
- support individuals to create and set up their own business by providing entrepreneurial training and mentorship.

For some JSO, financial support is included such as severance pay, subsidies above the unemployment benefits as well as subsidising differences between a lower paid job and the salary received at the time of the redundancy.

There is also a difference between how the support is organised; either 'in-house' through an organisation with advisors and consultants built up by the social partners or; externally through private redeployment/outplacement organisations or consultants. In the latter case each individual company, in cooperation with the local unions, chooses the supporting organisation from suppliers in the market.

The JSO is a permanent setting that is used during the restructuring process, to manage the redeployment consequences of restructuring. For the individuals, contact with the JSO can be up to five years after restructuring has taken place.

8.1.2 Implementation method

The system of job security organisations can be seen as a complementary unemployment/ redeployment action from the social partners. Employees, with a minimum time (usually over one year) of permanent employment and facing redundancy receive financial and personal support in addition to unemployment benefits and support from the public employment agency. From the company perspective the system can be seen as an insurance solution to the problem of facing a cut down in personnel. It enables the company to include a job security part in their personnel policy. From the union point of view setting aside money for this purpose is a part of the economic issues in the wage negotiations for measures which are important for their members.

Defining the employees that can benefit from the support of the JSO is done during the negotiation process on the redundancy between the employer and the union(s). This process is built upon the general Law on Employment, which amongst other things lays down the rule of 'first in, first out' - those employed most recently should be the first to go. Normally a priority list is constructed for the employees affected by the restructuring. The ranking of employees on that list is defined length of service, using the general rule in the law. This rule alone is valid as long as the local employer and unions have not agreed upon other criteria (such as competence or general importance for the company) for selecting those for redundancy. This 'agreement-based priority list' is especially used in competence-based organisations and is common in agreements between white-collar unions and employers.

When the redundancy selection process is finished, there a formal notice is sent to each employee. This is normally accompanied by general information to the employees of the possibilities offered by the JSO. The notification period i.e. the number of months from notification to the end of the employment contract varies depending on the length of service for the company; normally between one and six months. In certain sectors and larger companies, the period could be longer. The extent to which those selected can take part of in the redeployment activities during the notification period varies. In some sectors, but also in many large companies, those selected are freed totally from operational work and can devote their time entirely on JSO and job seeking activities.

In some instances, especially in larger companies, specific redeployment units are set up based upon local agreements. These often have complementary activities, longer notification periods, in-house advisors and extended financial support.

In summary, the JSO has a high degree a joint effort between the social partners at many levels:

- at the central/sectoral level the social partners negotiate the basic agreement, stating the financial terms, activities and organisational support structure and set up a joint board for managing the fund and the jointly-owned support organisation;
- at local level, the employer is obliged to negotiate on the restructuring itself followed by negotiation on the implementation process. It is in this instance when the use of the JSO is normally introduced. After the negotiations on the 'redundancy list' the JSO implemented.

8.1.3 Success factors

Three factors key to success are cited below:

1. **a transitional labour market instrument** - the JSO can be seen as a simultaneous part of societal employment activities with the PES⁴⁶ as the main actor and the employer's responsibility to create attractive terms of employment including job security measures. From a trade union point of view, it is an issue about securing members' future employment when facing redundancy. In this aspect the JSO is a typical 'transitional labour market' instrument. It fills a gap between the PES whose focus is on unemployed individuals (not individuals between employment and unemployment), and development activities for those employed in a contingency work situation. The JSO is an addition to the Swedish job-oriented labour market policy;
2. **a cooperative model between the social partners** - by anchoring itself firmly on agreements between the social partners – both at sectoral and local level - the JSO achieves a stable, institutional position. It is a part of the Swedish cooperative model that supports restructuring as a necessary response to increased competitiveness, introduction of new technologies and new modes of production. By this it mitigates the effects on the individual and creates a greater acceptance amongst employees of the restructuring decisions. It is an instrument aimed not at securing the present job at all costs but to guide and support the individual into new positions and jobs;
3. **implementing individually-based measures** - all measures being taken are based upon the individual and his/her situation with the aim of getting a new job. Redundancy through restructuring, at least when in cases of mass redundancies, have a tendency to generate collective action. Though based on a collective agreement, the concrete measures take the starting point from each employee's position, competence and skills and future possibilities. The individual advisor plays an important role as coach and supporter in this process.

8.1.4 Drawbacks, limitations and typical costs

The JSO operates in the framework of the collective agreement; as for all collective agreements, they are negotiated solutions between the wishes and demands of the employees and their union representatives on the one hand, and the companies' managerial and economical capabilities as expressed by their representative organisations. Furthermore, there are also limitations or demarcations in respect to the perceived public responsibilities through labour market policies and unemployment benefits. The system is complementary to the general unemployment insurance system and the support given by the PES.

When looking at the costs and benefits of the JSO system it can be regarded as an insurance system; the premiums that are paid from each company varies between sectors and occupational groups (as defined by union demarcations). About 0.3% of the wage bill is paid from each affiliated company. When applying for support, each redundant employee receives financial support of between EUR 2 000 and EUR 3 000 for

⁴⁶ The PES is organised by the State with the aim of matching vacancies to job-seekers. It is also a control institution for unemployment benefits and can, in its match-making, use a number of financial measures such as financial support for relocation, support to setting up your own business, vocational training, financial support for employers for dysfunctional employees.

job coaching and other supportive measures. The JSO does not cover those who are newly employed or those employed on a non-permanent basis.

These rather low levels of subsidies have been under discussion where the economic recession has led to demands from the employee side for higher financial support and yet had a severe impact on the capital of the funds. Both before and after the crisis companies, mainly larger ones with a cooperative tradition and generous personnel policies have expanded the terms of the JSO, especially notification periods.

8.1.5 Examples

There are three dominating actors in the Swedish market:

- TRR-Trygghetsrådet (white-collar workers in the private sector);
- TSN – Trygghetsstiftelsen (State employees);
- TSL – Trygghetsfonden (blue-collar workers in the private sector).

They are all organised as foundations based on collective agreements. TRR and TSN have their own organisations of advisors and coaches, while TSL use around 100 external suppliers of outplacement/redeployment services.

TRR is the job security council for white-collar workers in the private sector; 32 000 companies with over 70 000 employees are affiliated and the JSO has a total turnover of EUR 100 million per year, including severance pay; 250 advisors and managerial staff are employed, distributed across 40 branch offices through the country. Besides giving support directly to individuals on a stand alone or group basis, TRR also put considerable effort into informing and training HR managers, operative managers and union representatives to deal with change and redundancies, both at a general level and linked to what is possible through the agreement and the advisors of the council.

TSN – this is the job security council for State employees and covers approximately 270 governmental bodies employing around 250 000 employees, employs approximately 40 advisors and administrative personnel and supports around 3 000 to 4 000 clients per year. Besides the normal services to employees being made redundant, TSN also has a system which offers 'early measures'. This means that redeployment activities can be put into place even before individuals have been identified as redundant, on a voluntary basis. The method means that in a situation with a perceived and calculated redundancy, the employer can invite employees to take part in a redeployment programme on a voluntary basis. In this instance different tools are applicable to those who have applied for the programme, rather than in the normal situation with no options from which to choose.

TSL is the job security council for blue-collar workers in the private sector. Over the last five years 100 000 employees have received support from the council (70 000 in the last four quarters). Direct individual support is bought on the market from around 100 suppliers of redeployment and outplacement services, both small companies and larger such as temporary agencies.

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Fiche summary :

Who is in charge to set up and initiate the use?	The social partners, based on collective agreements, set up the financing and the institutional form. When using its services normally the HR department makes the initial contact.
With help from whom?	Local HR in cooperation with local unions. The JSO itself is often active in the implementation process
What helps its implementation?	Information activities to the concerned employees on the kind of help that can be expected. Professional advisors/job-coaches working from an individual support perspective. Information to middle management
What problems are there for its implementation?	The rather small subsidy for the individual on concrete retraining and other redeployment activities (this differs between JSOs)

8.2 Belgium – capitalising on 30 years of vocational training intervention models and practices for worker redeployment in Wallonia

By Anny Poncin

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.2.1 Presentation

The models presented capitalise upon the various vocational training intervention methods implemented by the *Service Public de l'Emploi et de la Formation* (public employment and training service) during the numerous company restructuring operations that have taken place in Wallonia since the end of the 1970s. Vocational training provided by the Wallonia region's public service has played a leading role for the past 30 years in the redeployment of workers affected by company restructuring and bankruptcies, as described below:

- A. vocational training **created** the reconversion unit (*cellules de reconversion*) in Wallonia in partnership with workers' representatives. The trade unions requested the establishment of a 'temporary redeployment centre' based on a Royal Decree which allowed the creation of training centres in partnership with companies and private or public associations. At the time, workers who undertook a redeployment programme benefited from a redeployment allowance for one year after the termination of their employment contract and had to follow a full-time redeployment training programme;
- B. later on, as a response to the technological changes occurring within sectors and of the worker redeployments required, vocational training developed **specific skill centres** and created **new training programmes**. By offering sector-specific training, skill centres contribute to the redeployment and mobility of workers in their sector and their companies. The skill centres are the result of a partnership between the public and private sectors. They bring together public vocational training, social partners from the professional sectors concerned, research centres and universities. Their funding comes from various sources i.e. the Wallonia region, industry funds (social security contributions paid by companies in the industry) and the European ERDF and ESF funds. They develop effective training programmes for the industry concerned and for specific target audiences (jobseekers, workers, student teachers).

For example:

- Restructuring activities in the printing industry led to the creation of the CEPEGRA centre, a skill centre in the graphics, infographics, multi-media and printing sector. The development of training tools and programmes was supported at the time by European programmes. CEPEGRA is managed by *Forem Formation* and CEFOGRA F (a graphic industry body)
- Restructuring in the metalworking sector contributed to the development of the *Technofutur Industrie* skill centre, with its maintenance, mechanical and metallic

materials departments. *Technofutur* is managed by *Forem Formation*, the technology industries' research centre, AGORIA, the employers' federation for the metalworking industry, and trade unions representing workers in the metalworking industry. For the textile sector in the cross-border region of Wallonie Picarde, multiple bankruptcies and restructuring programmes have led the CEFRET (textile training centre for the French-speaking and German-speaking areas of Belgium, installed in Mouscron) to develop two actions:

1. experiment with the CONTRATEX method of anticipating the repercussions of collective redundancies. CONTRATEX is the acronym for *CONvertibilité des TRAvailleurs du TEXtile* (convertibility of textile industry workers). For companies, the specific objective of the project has been to anticipate skill requirements, allowing them to maintain their place in an extremely competitive marketplace and offer workers training opportunities. For workers, the project has set out to provide greater job security by allowing them to acquire new skills. The work done involved surveying the textile companies in Wallonie Picarde, holding discussions with social partners in the textile sector and identifying a pilot company;
2. to propose the CRIATE-One training project, a creative initiative and actions project for the textile sector aimed at developing small-scale textile production. This project is supported by the *FSE-Convergence-En TRAIN-reconversion* project (En TRAIN being an acronym of *Transition*⁴⁷ – *accompagnement à l'insertion*)

C. Vocational training and permanent education networks intervene directly:

- to allow workers affected by closures or restructuring in their company to be redirected towards other areas of work. Generally speaking, 50% of people draw up a career plan in an area of work that differs from that of their restructured company. A considerable number of people request training in transport, logistics and security guard work;
- to support the development of cross-over skills. The skills currently relate to IT and communication technology;
- to contribute to remedial training in French and numeracy. Workers affected by collective redundancy have rarely had the opportunity to achieve a significant level of elementary school education.

In practice, all workers affected by restructuring take part in an occupational redeployment programme. They are assigned a professional advisor from the PES who specialises in supporting workers undergoing redeployment and helps them to take stock of their professional skills. Once this has been done, new career development plans are drawn up. If these new career plans require new skills to be acquired, the advisor proposes registration on a training course or a return to academic studies. Training provided by the PES is preferred because it is organised regularly, suited to the target market and free of charge. However, if the training can only be gained by working for private operators, once the career development plan has been validated, this training is funded by a specific budget set aside in the overall budget of the reconversion unit (*cellule de reconversion*) created at the time of the restructuring operation. The most striking example of this is the way in which the *cellule de reconversion* budget covers the cost of security guard training. The cost of this training amounts to almost EUR 2 000 per person and follows a very rigorous programme which is only provided by private firms.

⁴⁷ transition = support for integration

The position of vocational training over time

From the end of the 1970s to the end of the 1980s, workers affected by the company and industry restructuring received vocational training provided by the public employment and training service, which did this because it had centres providing care, guidance and integration known as CA-COISP (*Centres d'Accueil et d'Orientation et Insertion Professionnelle*). These centres were situated upstream from the practical training centres for secondary and service sector professions. They took charge of low-skilled people with low standards of education who were having difficulty accessing vocational training and finding work. They attracted women and young people mainly, and it was these CA-COISP centres that took charge of workers affected by collective redundancies. At the time, each case of collective redundancy was examined by the public service's management committee in order to authorise the establishment of a *cellule de reconversion* (redeployment cell). All the actions were therefore specific to each case.

The end of the 1990s brought an end to the management of *cellules de reconversion* by the vocational training bodies. These reinforced their strategy of providing strictly practical services, while the tasks of receiving and assisting the weakened members of the labour market were transferred to employment by creating a partnership relations service. This service managed all partnership activities for people who were previously dealt with by the vocational training reception centres. From that point onwards, the management of collective redundancies became an employment responsibility rather than a training responsibility. The *cellules de reconversion* came to be managed by the employment service.

On 7 November 2001, the bankruptcy of Belgian airline affected the whole country and highlighted the need to legislate at regional and national level. In 2004, the Wallonian experience with the *cellules de reconversion* was recognised by the Decree of 29 January 2004 relating to the redeployment assistance plan. In this context, vocational training became an actual member of the assistance committees managing the workers undergoing redeployment.

In 2006, the Government issued the Royal Decree of 9 March 2006 on the active management of restructuring plans. This decree established the *cellule pour l'emploi* [employment cell] nationally (see fiche on this tool) of which the *fonds sectoriel de formation* [industry training fund] forms part.

Public training services have played a fundamental role in establishing the *cellules de reconversion* but over time, vocational training has become a secondary contributor to redeployment. Given the challenges raised by the knowledge economy, it may be necessary to position itself, in a European context, as a front line contributor, an essential tool in helping workers affected by restructuring to achieve an occupational transition.

8.2.2 Implementation method

It is important to stress that workers affected by restructuring can choose either to sign up to a *cellule de reconversion* and benefit from its services or seek employment and training by themselves.

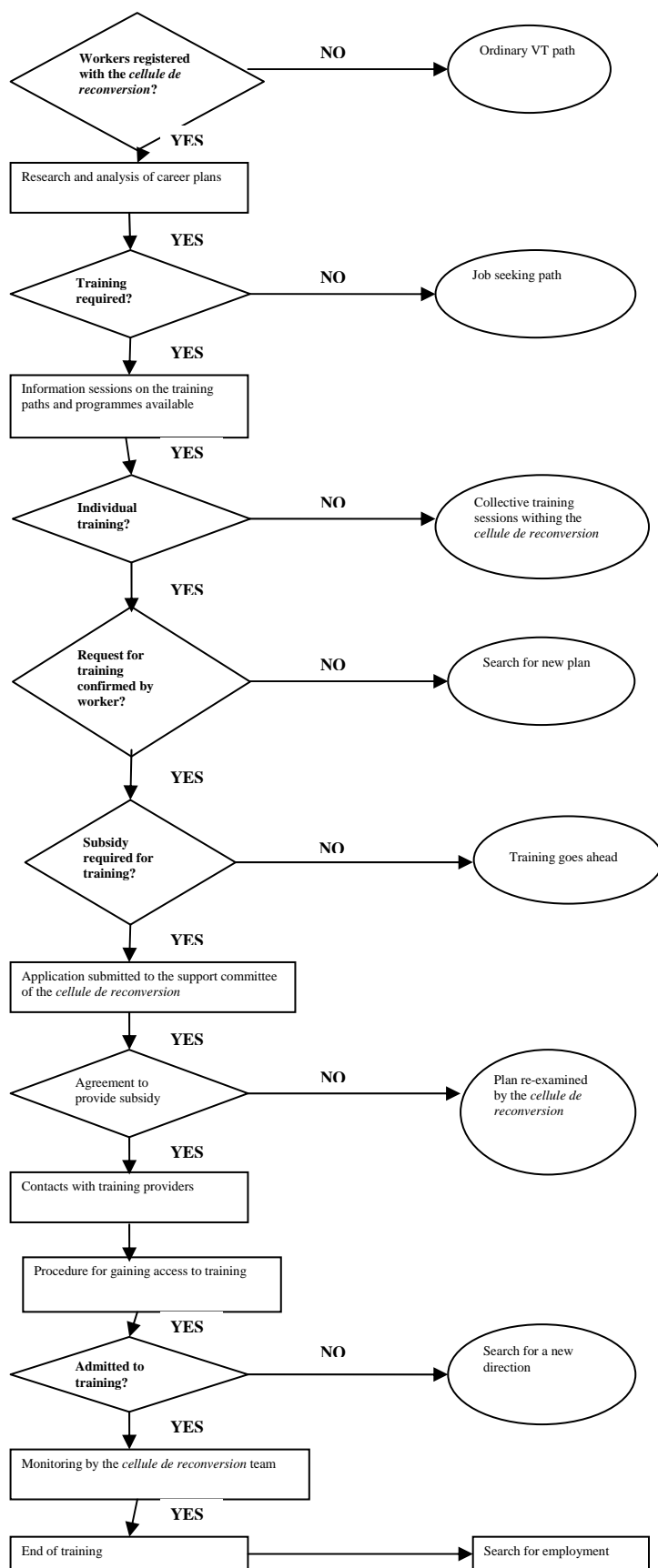
The *cellule de reconversion* intervenes as follows to fulfil training requirements:

- identifying training that may be useful for workers to implement their career plans;
- providing information on the training market;

- searching for training providers;
- helping with the procedures required to access training;
- providing coaching throughout the modules attended by trainees;
- organising training modules within the organisations undergoing restructuring;
- providing funding for training.

The following flow diagram illustrates how workers can access training:

**Restructuring/termination of contract-
Workers on permanent or temporary contracts and redundant workers**



Description of the flow diagram:

Initial stage: the worker is at the career plan research and analysis stage

Workers affected by a collective redundancy and registered with the *cellule de*

reconversion will have individual contacts and meetings with employment advisors who specialise in redeployment. An individual monitoring file is set up and, with the help of the advisors, workers take stock of their personal and professional skills and are helped to draw up a career plan.

Training requirement identification stage

Workers choose whether to resume training or not. If they do not require training, they will proceed to the job-seeking stage. The job-seeking tools (CV, covering letter, preparation for interview, monitoring of job search) are provided by **specialist employment advisors**. If the career plans require new skills or qualifications to be obtained, the *cellule de reconversion* team (which consists of professional advisors as well as trade unionists who understand the jobs carried out in companies and their requirements) will put together all the information relating to the training offer. In order to allow workers to make a fully informed decision about training, the information about training will include training course titles, providers, admission requirements, selection tests, lead time for admission, duration and cost. Vocational training centres, skill centres and training providers for specific professions also organise reception and information sessions for workers affected by restructuring operations.

Confirmation stage

Following the information stage, workers will have a meeting with their employment advisor and make an informed decision about whether to resume training or not. They will then choose a provider. Various feasibility criteria come into play; proximity of the training centre, lead time and duration. Workers will be registered with the provider that is best suited to their situation and career plan. If the training has to be subsidised, because it can only be obtained from a private provider, the employment advisor will complete a subsidy request form to be submitted to the Support Committee (the committee that manages the *cellule de reconversion*). If several workers submit the same request, such as a request for initial IT training, the *cellule de reconversion* team will contact providers who can organise group sessions for workers at the premises of the *cellule de reconversion* itself.

Access to training stage

At this stage, workers must prepare to access the training (the admission criteria for training is sometimes as selective as entry tests to join a company). If a worker is not admitted to training, the employment advisor must find a new career direction for him/her.

Monitoring and end-of-training stage

During the training, workers will be monitored by the *cellule de reconversion* team to check that everything is going well. At the end of the training, the training provider and the *cellule de reconversion* will support the worker in finding employment. (N.B. the process presented here is a method that can be transposed to other contexts in which provision has to be made for people to resume training.)

8.2.3 Success factors

Several factors have allowed vocational training in Wallonia to support the occupational transition of workers affected by collective redundancies:

- A decree introduced by Wallonia recognises the people registered with the *cellules de reconversion* as *stagiaires de formation professionnelles* (vocational trainees). The status of *stagiaire* (trainee) entitles people to the following benefits: training allowance, travel allowance, professional insurance and help with childcare costs.

- The systematic involvement of vocational training services in the local support committees of the *cellules de reconversion*. These committees include management representatives from the company undergoing restructuring as well as representatives of the industry, workers and the public employment services.
- Over the past ten years, the training offered in Wallonia has been significantly modernised, updated and developed. There are skill centres, training programmes run by non-profit-making industry organisations and vocational modules launched by private integration and training providers. As can be seen, the training on offer has been developed by fostering a rapprochement between the public and private sectors. Skill centres have developed thanks to the synergies between public vocational training and private sectors. The public employment and training service launches tenders to subcontract training modules to the private sector e.g. *PMTIC IT* training modules, warehouseman and forklift truck driver training and business administration modules.
- The support and contribution of European programmes, which have regularly allowed the creation and development of initiatives, methods and tools made available to teams that include the redundant workers themselves. For trainers, supporting and training workers made redundant by restructuring plans requires new professional skills. European support has also allowed trainers to meet and exchange ideas on the specific issues of redeployment.

8.2.4 Drawbacks, limitations and typical costs

1. Collective redundancy procedures normally stretch over several months. Agreements relating to redundancy plans are reached at the end. There is therefore a particularly hard period for workers during which the redeployment schemes have not yet been established. At this time, training opportunities would lessen the worry of some workers;
2. Due to national policy, some people submit training requests that respond to redeployment requirements rather than personal redeployment reasons. Care has to be taken, therefore, to avoid training being provided that merely provides a 'parking space' for trainees/workers aged 45 or over;
3. The occupational disorientation and mental anguish in which workers find themselves regularly leads to spontaneous requests for training, which is seen as a kind of lifebelt. These training requests, which are not fulfilled when the career plan is assessed, cause additional frustration for people already weakened by their situation. It is important in this respect to have professionals on hand to manage the psychological situation and validate an occupational transition plan;
4. Deciding to attend a training course means postponing a return to work. This is often a difficult decision to take for workers whose primary motivation generally remains employment. Training must give them a guarantee of better employment in the future. If opportunities come up during the training process, efforts to achieve specialisation are often abandoned. It is then up to the *cellule de reconversion* and vocational training teams to assess the long-term occupational future of workers together with them;
5. Just like employment, training is a market. Accessing training is sometimes just

as difficult as re-entering the labour market. Training candidates:

- have to take entrance and selection tests. Redundant workers do not have any privileges, despite their professional experience. On the contrary, they are often penalised by their lack of elementary education.
- join waiting lists that shrink at a discouragingly slow pace
- are refused registration for training cycles that are already fully subscribed;

6. Public budgets to assist and redeploy workers affected by restructuring allow financial help to be provided for vocational training that is not provided in the public sector. These budgets also help trainees cover the training course fees. In this respect, it is worth pointing out that there is a great disparity between the training costs charged by the private sector and the registration fees charged by educational establishments. For example, the average cost of private HGV driver training is EUR 1 500 ; warehouse worker and forklift truck operator training is around EUR 800; security guard training: EUR 2 000; business administration course registration fee is EUR 235; further education registration fee is EUR 50.

8.2.5 Examples

A) *ARTLAINE*: Re-deployment action for workers employed by the textile industry in the Mouscron Region

Between 2005 and 2007, the textile sector in Mouscron faced a wave of restructuring; 781 workers were affected by seven restructuring plans, five bankruptcies and four company closures.

The redundancies took place over a period of almost three years. The affected workers were taken on by the *ARTLAINE cellule de reconversion* (the acronym stands for *Accompagnement à la Reconversion des Travailleurs de la LAINE* [support for the redeployment of wool industry workers]). It operated as a partnership with CEFRET - *Centre de formation du secteur textile* (textile industry training centre).

Most of the workers affected by the collective redundancies were manual workers. They had spent their working lives in the region's textile industries. These industries were highly diversified; spinning, carpet weaving, tufted carpet weaving, bathroom carpets, felting, upholstery fabrics, label production, zip production.

Training and new skills were essential for these people, thus 80% of them registered for training modules and programmes; 255 training modules were attended and the breakdown was as follows:

- mobilisation plan for information and communication technologies (*Plan Mobilisateur pour les Technologies de l'information et de la communication - PMTIC*); 28.98%
- forklift truck driver; 14.69%
- textile info-graphics; 11.43%
- languages; 11.02%
- food hygiene checking; (HACCP) 11.02%
- non-commercial; 6.94%
- transport and logistics; 5.31%
- office automation; 3.27%
- building; 2.45%
- miscellaneous; 4.90%.

Almost 50% of modules followed provide training with a qualification.

B) Volkswagen reconversion

The restructuring of the Volkswagen factory in the municipality of Forest, Brussels was announced on 21 November 2006; 3,278 people were affected. At a political level, the Brussels region set up a *cellule de crise* (crisis group). Those affected lived in the different regions of the country: 180 in Brussels, 1790 in Flanders, 1308 in Wallonia. Most of these people were manual workers who had worked on the automated production lines.

In response to the training requirement, 600 training modules were attended, the breakdown being as follows:

- transport and logistics; 31.8%
- IT and communication; 27.8%
- industry; 11.7%
- building; 7.8%
- security; 5.3%
- languages; 4.5%
- environment; 3.3%
- education, remedial training, health, hotel and catering; 7.8%

Almost 50% of modules followed provide training with a qualification.

The training varies in duration; forklift truck driver training, including the issuing of a licence, lasts for three days, if warehouse training is added it lasts for four weeks. In the private sector, HGV driver training lasts for 20 hours, while in the public sector it lasts several weeks. Infographics training is a 4-month full-time course and language training is provided in modules of a couple of hours a week over a period of several months. Training for industrial sectors often extends over several months. IT training provided by *PMTIC* is an introduction to IT that lasts 48 hours in total. People resuming academic studies will normally be studying for between one and three years.

This information is all relative, given that training provided under the same heading can vary a great deal in terms of the way it is provided, the duration, the registration cost, whether it includes theory or not, whether it provides a licence or not, the selection procedures and the lead time for admission.

Training has become a marketplace that provides workers with a real choice.

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8.3 United Kingdom - the Vauxhall Luton Partnership

By David Tarren (ADAPT)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.3.1 Presentation

This was a partnership that worked to minimise the impact of large scale redundancies in a community which had relied on an employer for decades. At its height, Vauxhall in Luton employed 25 000 people. The potential closure was therefore extremely significant to the local community and to the wider local area, not only in terms of immediate job losses but also in terms of the knock-on effects to the supply chain. The Government predicted that unemployment in Luton would rise from the all time low of 2.7% to around 5.2% within 18 months. When the plant finally closed in March 2002, there was a direct loss of just over 2 000 jobs, averaging 17 years of service per redundant employee. It was estimated that there was an indirect loss of 563 jobs in total and estimates put the impact on the wider supply chain at GBP 85 million.

The partnership, between the regional development agency, trade unions, Vauxhall, and the local council, provided a coordinated approach which enabled it to secure funding totaling GBP 1.6 million for a range of initiatives, including reskilling and training, but also support for local business development. These initiatives came from an in-depth economic assessment of the impact of the closure of the site, including the impact upon the supply chain and programmes to support supply chain organisations. In addition, efforts were made to address the psycho-social effects of the closure on workers through a number of health-related initiatives.

The partnership was useful for supporting workers facing redundancy, particularly in an area where the community has traditionally relied on one employer' over decades, for work. At the point of the partnership's inception many jobs were at risk of redundancy and there was genuine fear across the community of the potential impact. The partnership offered informal and formal learning and supported workers into new jobs, or helped them to establish their own businesses, and was focused on four areas:

- 1 employment and skills - to retrain and reskill those workers affected by the closure;
- 2 infrastructure and development - to replace lost jobs within the local economy with new, high quality employment opportunities as well as encourage private sector investment to the area;
- 3 local business development - to harness ideas and aspirations by offering individuals and existing businesses a business support package;
- 4 social, personal and community - to minimise the impact of the closure on workers' health.

8.3.2 Implementation method

The key actors in the partnership were:

- trade unions - the Transport and General Workers Union and Amicus (both unions have since merged to form Unite the Union)
- regional development agency - there are nine RDAs in England and the East of England Regional Development Agency (EEDA), is responsible for this particular region. All RDAs are accountable to, and receive funds from, central government;
- Luton Borough Council - this is the locally elected council;
- Vauxhall Motors - The car maker *General Motors* announced its intention to close its car making plant in Luton in December 2000, with the actual closure taking place in March in 2002, 18 months later;
- Jobcentre Plus - Jobcentre Plus is a government agency which comes under the remit of the Department for Work and Pensions and provides a network of offices which combine job finding and welfare benefit services. It is also responsible for the Government's Rapid Response Service, which is a government intervention intended to support significant redundancies. Its provision might include on-site advice surgeries, links and referrals to other agencies, and information and advice about job vacancies and training opportunities;
- the local university.

The Luton Vauxhall Partnership was formed following the company's announcement of its intention to close the site and consisted of the car maker, Vauxhall, the trade unions, the Employment Service, the regional supply network, the local authorities and the local university. Although the trade unions were not initially on board, due to their difficulty in accepting the decision to close the plant, they eventually played a large role in securing ESF funding and with EEDA, by working with the partners on the application and formally supporting the ESF application.

The Vauxhall Luton Partnership was particularly concerned with the following four areas: employment education and skills; infrastructure and development; local business development and social, personal and community. The partnership was chaired by EEDA which was responsible for seeking out the funding and was itself a funding partner. Luton Borough Council also helped to write the ESF bid, provided matched funding and gave personal support to displaced workers. Jobcentre Plus assisted with giving advice and guidance and Vauxhall Motors provided office space and equipment and also funded the Learning for Life team which was based at the Vauxhall site. The trade unions were instrumental in gaining financial support for the partnership. Once it was certain that the site closure was going ahead, the unions, and in particular the South East Regional TUC (SERTUC), worked behind the scenes to secure ESF funding.

One of the first actions of the partnership was to highlight job vacancies in the local area and then map out the skills of the existing Vauxhall employees and assess their retraining and reskilling requirements. All workers interested in improving their skills were invited to impartial advice and guidance interviews to discuss their training needs and appropriate training or retraining, offered by approved public and private

providers. A 'Learning for Life' team, funded by Vauxhall Motors, was established at the car plant which helped workers identify potential 'life opportunities' and they were given advice on CV writing, interview techniques and basic skills, such as numeracy and literacy. The company also provided equipment and office space.

Jobcentre Plus organised 'job fairs' so that affected employees could identify possible career options and liaise with potential employers. Counselling services were offered to provide access to welfare and financial advice and the partnership also established 'money surgeries' across the community to offer people advice and help with financial matters.

A number of high-skilled employees sought to continue with manufacturing, albeit on a smaller scale and they wanted to patent ideas, so the partnership offered a business support package, which offered support to individuals to grow and build businesses which may have provided similar jobs to those under threat. In addition a venture loan was made available for people wishing to start their own business. Lastly the partnership sought to minimise the negative effects of the closure on individuals' health and introduced the Luton Community Health Observatory which monitored the health and economic impact of the closure and provided employees with a 'gateway' to other existing services which was publicised widely amongst libraries, religious centres, gyms and social clubs. In total 1 800 people accessed the service and were provided with advice and training in health-related issues.

8.3.3 Success factors

The partnership took a holistic approach to dealing with the closure. The critical factors in this activity were the availability of ESF funding, and consequently the support of the trade unions, the stable partnership between the various actors and the rigorous and broad approach through which the partnership tried to capture all the necessary fall-out from the closure and to attempt to establish adequate support mechanisms for those affected. The trade unions, once they accepted that they could not keep the site open, were influential in gaining ESF funding and the support of the workforce for the partnership.

8.3.4 Drawbacks, limitations and typical costs

A lack of external funding in the early stages caused delays. This was due to the regulations relating to UK government funding and caused frustration amongst workers. For this type of action to be successful, early intervention and quick access to funding for retraining and other support is critical.

There is very little evidence that workers from Vauxhall found alternative employment offering comparable wages and skills utilisation.

8.3.5 Examples – see 8.3.1 and 8.3.2

8.3.6 Bibliography

For more information visit:

Overview of Vauxhall Partnership (MIRE Project)

Internet: www.mirerestructuring.eu/docs/CS%20Vauxhall%20EN.pdf

General information about Jobcentre Plus

Internet: <http://www.jobcentreplus.gov.uk>

Jobcentre Plus Rapid Response programme

Internet:

http://www.jobcentreplus.gov.uk/JCP/stellent/groups/jcp/documents/webstecontent/dev_016043.pdf

Fiche summary :

Who is in charge to set up and initiate the use?	The partnership was established between all stakeholders and chaired by the East of England Regional Development Agency (EEDA). No single organisation could have introduced these measures. It required the complete cooperation of all actors within the partnership.
With help from whom?	The employer, local municipality, trade unions, regional development agency, Jobcentre Plus and local supply chain.
What helps its implementation?	The role of the partnership cannot be overstated. However without the financial support from the ESF, to enable the partnership to provide a comprehensive training and reskilling package, it is debatable whether the initiative could have been undertaken.
What are the problems for its implementation?	<p>A lack of external funding in the early stages caused delays. This was due to the regulations relating to UK government funding and caused frustration amongst workers. For this type of action to be successful, early intervention and quick access to funding for retraining and other support is critical.</p> <p>There is very little evidence that workers from Vauxhall found alternative employment offering comparable wages and skills utilisation.</p>

8.4 Belgium and France - The Reverse Company

By Virginie Xhaufclair (Lentic, HEC Management School at the University of Liege)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.4.1 Presentation

The 'reverse company' is a corporate social responsibility initiative taken by a big steel company when faced with the necessity of collective redundancies. This innovative tool consists in the creation of a new multi-activity company, by the restructuring company. This new multi-activity company is a 'reverse company' because it is created on the basis of available skills, rather than on predetermined products or services. The 'reverse company' relies on the redundant workers' secondary skills (i.e. those unconnected with the core business of the restructuring company) for its current activity.

This multi-activity company remains the property of the restructuring firm. It offers services internally to the restructuring company/group, and externally to other local companies or to private individuals. The services provided depend on the secondary skills of the over-staff⁴⁸ workers i.e. construction finishing, maintenance of green spaces, document archiving, logistics.

Its workforce is made up either of workers who are laid off, or of over-staff workers who are put in 'mobility teams' or kept employed by the restructuring company but who are not 're-trainable'.

This innovative restructuring device enables the restructuring company to reduce the excess cost incurred by keeping 'non-profitable' workers in employment. The redundant workers remain legally employed by the restructuring company but they are conventionally 'seconded' to the 'reverse company'. These workers retain their full salaries and benefits connected with the position they occupied previously, regardless of their actual working conditions. They also enjoy an end-of-career adjustment plan, through being given a new 'position' which increases their self-esteem.

The 'reverse company' system can play a role at two stages in the restructuring process:

Before		During	After
Permanent Actions	Prior to the announcement of lay-offs	Announcement and the following information and consultation process	Implementation period

⁴⁸ Workers who are deemed as not necessary for a given level of production and are then 'over-staffed'

Before - in a context of continuous pressure to re organise the productive processes and the jobs, some positions undergo significant changes; staffing of other positions may be reduced, and some positions are redundant. The over-staffing concerns first and foremost older workers who are hard to retrain, and vulnerable workers who have been intentionally reallocated to low productivity positions. The 'reverse company' becomes an 'outplacement system', preventing lay-offs and securing the transition of the redundant workers to a new job outside the company. The time spent in the multi-activity company might be used to develop secondary or new skills, increasing the employability of the seconded workers and allowing them to make a smooth and safe transition to new jobs;

After - the creation of a multi-activity company can be decided during the implementation period, for example when the restructuring company realises that the mass redundancy has not been sufficient and that there is remaining over-staffing. In this situation when a new lay-off is not possible/acceptable, this system might help to reduce the costs of over-staffing.

8.4.2 Implementation method

This system has been successfully tested in France and Belgium. It does not derive from any legal agreement but is an emerging innovative practice experienced by some large companies.

The design and implementation process depends on the circumstances.

In the French case of the *Unimetal* (a company that merged with one of the companies that later on merged to form *Arcelor*) restructuring took place in Lorraine (west of France). The system was proposed by three redundant salaried workers (including a union leader) and was supported by the restructuring company's manager. These three workers became the project leaders and today, they are still the managers of the 'reverse company'.

In the Belgian case of the *Arcelor* restructuring in Liège (Walloon Region), the project was initiated and taken charge of by the management of the restructuring company, while informing the unions and involving them in some steps of the process.

Whatever the process, a crucial factor lies in the compliance with the principle of 'double voluntary participation', (both workers and company) which means that all stakeholders agree to get actively involved in the project.

This secondment system might in some countries contravene the legal prohibition of the posting of workers⁴⁹. In Belgium, for example, the secondment of workers is only authorised in the interim sector. The 'reverse company' system implemented by *Arcelor* required the authorisation of the Labour Inspectorate, supplemented by a collective agreement and individual agreements with each seconded worker.

In each of these cases, the multi-activity company has a legal status. In the restructuring of the Lorraine and Belgian *Arcelor* companies, the reverse companies were in both cases

⁴⁹ refers to the fact that in Belgium it is forbidden to lend workers to another company for money unless it is an interim company; it is the equivalent of the French '*Délit de marchandage*'

Arcelor's wholly-owned subsidiaries, with the status of limited companies.

An important step in the process was the identification of the secondary skills held by the seconded workers. This step has to be carried out in a very professional way, in an objective manner and on the basis of analysis tools. The HR service of the restructuring company might be of a great help, but the future managers of the 'reverse company' and the unions will also play a big role in this identification.

8.4.3 Success factors

Several key success factors can be identified, as follows:

- clarity, detailed explanation and convergence of the objectives of the various stakeholders;
- clarity and respect for the rules;
- involvement and financial support provided by the restructuring company/group;
- prior appeal from the restructuring company to the services of the multi-activity company, in order to facilitate the finding of the initial markets and clients;
- compliance with the principle of 'double voluntary' participation;
- giving the multi-activity company leads to create a 'real' company, which means providing a professional and specific management, tools and financial means.

8.4.4 Drawbacks, limitations and typical costs

The drawbacks, limitations and typical costs are as follows:

- Costly system reserved to large companies/groups that have a strong enough financial position to support such a project in the long term. Nevertheless, it is important to stress that this innovative system is no more expensive for the restructuring company than the costs of a redundancy scheme; the main advantage is that the community can afford the cost of the redundancy;
- Mainly reserved to senior workers, nearing pre-retirement, which increases the turnover of the multi-activity and complicates knowledge management;
- Limited prospects in terms of company development if the enrolment of the seconded workers is subordinated to a pre-retirement plan;
- Complex management of the multi-activity company, passing from the constraints of restructuring company to the efficiency and profitability requirements of a developing firm;
- The necessity of obtaining certain entitlements to provide some kind of services (especially in the building industry) might prevent the 'reverse company' from exploring markets and customers external to the restructuring company/group;

- Potential negative impact on the subcontractors who will lose the contracts given to the multi-activity company.

8.4.5 Examples

'Homme et Emploi' ('Man and Job'), the 'reverse company' at Arcelor Mittal Liège (Belgium)

Due to changes in its business and in the international situation, the Arcelor Group, (since Arcelor-Mittal), was forced to restructure part of its activity. It decided upon the gradual closure of the hot phase at its Liege site, due to poor profitability. As this site included other entities active in the cold phase of the steelmaking process, the social plan envisaged the transfer of as many re-trainable workers as possible to the cold phase, and the use of early retirement for those workers of an appropriate age. This strategy enabled compulsory redundancies to be avoided, the implementation to be staggered over several years, governed by the closure programme for the different blast furnaces, and the gradual accession of older workers to the early retirement system. However, this restructuring strategy was costly for the company, since many of the workers awaiting early retirement were unoccupied or overmanned i.e. in a team that could operate without them, in non-renewable positions, whereas the company was committed to maintaining their salary and all associated rights and benefits.

The management of the *Arcelor* Liege site decided to replicate the *'Homme et Emploi'* 'reverse company' system, successfully implemented in Lorraine (France) from 1999, following the take over of *Unimetal* by the *ISPAT Group* and the 200 workers laid off.

The device implemented in Liège is partly different from the Lorraine experiment, notably because the closure of the hot phase in Liège had been planned over several years, and was constrained by a mobility plan between the cold and hot phases and was linked to a pre-retirement plan. Moreover, the various entities at *Arcelor's* Belgian site were legally and financially autonomous, which made setting up and running a multi-activity company much more complex.

The company, *'Homme et Emploi'*, remained the property of the steelmaking group within which it is integrated. It offered services internally to the group's different entities in Liège, in three fields of activity:

- construction finishing
- maintenance of green spaces
- document archiving

Its workforce was made up of about 70 workers who were awaiting early retirement, and regarded as 'non-re-trainable', over-staffed on non-renewable posts or in a fragile situation due to health problems which made them unsuitable for the steelmaking industry. These workers were seconded to *'Homme and Emploi'* by the group's different local entities, on the basis of 'double voluntary participation'. These entities however remained the legal employer of the workers with whom they seconded, and these workers retained their full salaries and benefits connected with the position they had previously occupied. Incomes generated by the services supplied by *Homme & Emploi* enabled the group to reduce the cost of these workers by approximately 50%.

8.4.6 Bibliography

[Internet : www.flexicurity.be](http://www.flexicurity.be)

Xhaufclair, V. et Deflandre, D. (2007), *'L'entreprise à l'envers* comme nouvel outil de restructuration : la GRH face à ses paradoxes', *Actes du XVIIIe Congrès de l'AGRH*, Fribourg.

Xhaufclair, V. et Deflandre, D. (2007), 'Quelle transférabilité pour les ' bonnes pratiques ' en matière de gestion des restructurations ? Le cas de *'l'entreprise à l'envers'*, *Actes des Journées Internationales de Sociologie*, Londres.

8.5 United Kingdom: Continuing Employment Support Service

By David Tarren (ADAPT)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.5.1 Presentation

The Continuing Employment and Support Service (CESS) provides support for small, medium and large companies as they experience redundancies and is designed to respond rapidly to the announcement of redundancies. Its aim is to move redundant workers into new employment and to avoid the possibility of unemployment and reliance on welfare benefits. It is only available in the south east of England and is a service offered by the South East England Development Agency (SEEDA). SEEDA is one of nine regional development agencies within England, introduced in 1999, to boost each region's competitiveness and to "support business development and competitiveness by encouraging public and private investment, and by connecting people to economic opportunity. RDAs work to improve levels of education, learning and skills, and do all that they can to enhance their region's environment and infrastructure."⁵⁰

RDAs provide a free service and offer support to individual workers, which includes:

- one-to-one advice and workshops offering career advice;
- support in CV writing and interview techniques;
- access to support to retrain and reskill (what is available and where);
- advice on financial support for a business start-up and self employment opportunities;
- advice on pensions and welfare benefits;
- information on other services available (Jobcentre Plus);
- direct access to hiring companies

8.5.2 Implementation method

As soon as an employer within the SEEDA region announces redundancies, a CESS broker makes contact. Employees of CESS are employed by the SEEDA, which in turn is funded from central government. The role of the CESS broker is to arrange support for employers such as support for training and is usually the first person to visit or speak to the affected employer as CESS are made aware of the proposed redundancies either directly from the employer, through the Government, (more precisely the Department of Business, Innovation and Skills to which all redundancies are reported) or through the vast networks associated with CESS. Together the broker and employer work on a plan of action and CESS will work with the company and produce a tailor-made, free, support package.

⁵⁰ Internet: http://www.englishsrda.com/what_we_do/

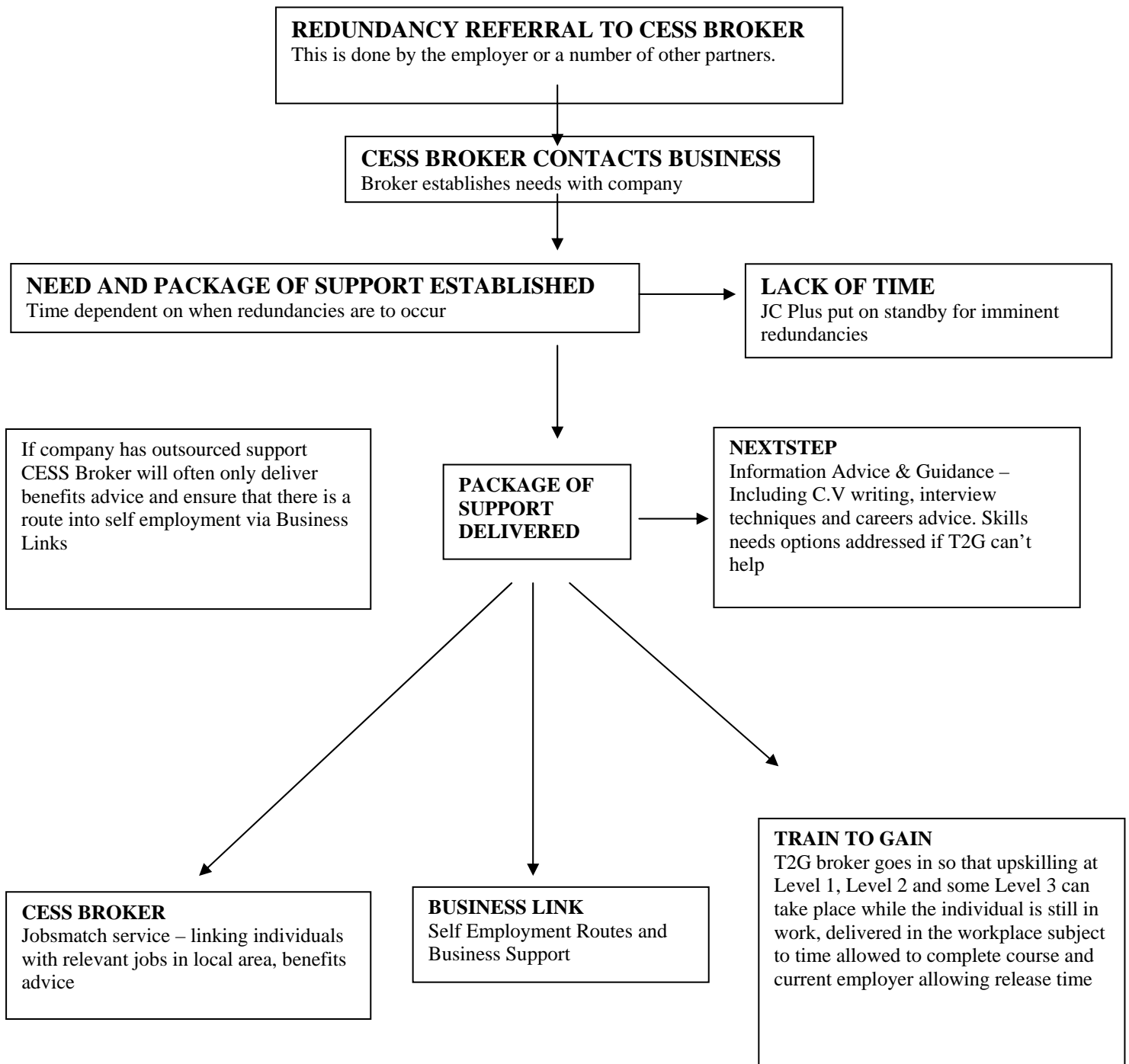
If there is insufficient time between the employer's announcement and the effective date of the redundancies, then Jobcentre Plus will be alerted and will work with those affected to examine possible opportunities. However if there is sufficient time then CESS will offer the employer and their workforce the complete package of support available. A variety of actors may be involved in the delivery of these support measures, depending on what the employer and CESS agree is needed. For example, Nextstep⁵¹ provides information, advice and guidance for employees on career opportunities, training and skills identification and have an office in every RDA region. Train to Gain⁵² brokers provide information on funding for training; and Business Links⁵³ provides employers with other crucial advice.

The diagram below illustrates the process:

⁵¹ Internet: http://www.direct.gov.uk/en/educationandlearning/adultlearning/dg_071762

⁵² Internet: <http://www.traintogain.gov.uk/>

⁵³ Internet: <http://www.businesslink.gov.uk/>



8.5.3 Success factors

The main factors which determine the success of the CESS are:

- coordination factor - all of the components of this initiative are well organised and must rely on each other for vital information and, due to the nature of this initiative, this must happen very quickly;
- coherence of the network of expertise within this 'community';
- ability of the network to rapidly identify the nature of the redundancies;
- the speed of the response from CESS following the above point.

8.5.4 Drawbacks limitations and typical costs

The drawbacks for this initiative are that CESS only become involved at the point of crisis and only when redundancies have been announced by an employer. This presents the service with difficulties as the time pressure to support workers at this stage is significant.

The costs of the CESS are met by SEEDA, which in turn receives direct public funding from the Government. It is not a permanent structure in the sense that a future government could remove the RDA network and this would result in the destruction of CESS.

8.5.5 Example

SEEDA and the CESS are currently working to alleviate job losses as a result of the Lloyds Banking Group's announcement in November 2009 to make 570 people redundant. More information can be found in SEEDA's press release at:

Internet: http://www.seeda.co.uk/_documentbank/Aylesbury_job_losses_231109.pdf

8.5.6 Bibliography

SEEDA's website at: Internet: www.seeda.co.uk

Fiche summary:

Who is in charge to set up and initiate the use?	Any employer within the footprint of the South East of England Development Agency can call on CESS to help them to deal with redundancies. However often CESS will hear about employers experiencing difficulties via other contacts.
With help from whom?	Continuing Employment and Support Service (CESS)
What helps its implementation?	The central element to this initiative is the availability of public funding from central government. The networks within the SEEDA region also help CESS to respond rapidly to redundancies.
What problems are there for its implementation?	Not all employers will be aware of CESS or even SEEDA. If an employer does not know the service exists and there is no referral to CESS from another agency then no support will be offered.



8.6 United Kingdom – Better West Midlands project

By David Tarren (ADAPT)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.6.1 Presentation

The Better West Midlands project is a redundancy and redeployment programme which offers a range of support and training to individuals under the threat of redundancy from within the manufacturing sector, before their employment ends. The project seeks to improve the capacity of individuals to move immediately into new employment and acts as a single point of contact for employers. The support offered from the Better West Midlands project is tailored to the needs of employers and employees and includes individual advice and support and access to skills and training providers.

The project offers employers two main services:

1. employers can use the project as a 'vacancy matching service' which involves highlighting vacancies with employers and identifying suitable individuals with the right skills, who have recently been made redundant. However if the potential employee lacks the necessary skills for the vacancy then the new employer will receive funding to access training in a variety of subjects and to different levels of competence;
2. for those companies where redundancies are unavoidable the project works in partnership with the employer to develop a tailor-made support package which matches the needs of the company and individual workers. The partnership ensures affected individuals are engaged at an early stage, which includes on-site consultations with the employer.

8.6.2 Implementation method

The Better West Midlands (BWM) project is funded by GBP 22.75 million from the European Social Fund (ESF) and receives co-financing through the West Midlands Learning and Skills Council. There are nine learning and skills councils in England. They are government agencies that fund all adult education and training in England. The BWM project is run by a consortium of four trade unions: Unity (the lead union), Unite the Union, Community and the GMB, on behalf of the learning and skills council. Since October 2008 over 3 300 individuals have undertaken training, coming from 200 companies and of those individuals 75% of returned to work. An important point of the BWM project is that, although it is organised by trade unions, done does not have to be a member of a trade union to benefit.

The support team will undertake an initial assessment of the situation with the affected employer and will offer the employer and their employees a range of services free of charge. These include:

- Skills for Life screening (including ICT). This involves the assessment of an

individual's numeracy and literacy skills. If these skills are deficient, an individual's ability to develop other skills may be reduced, so these are addressed as a priority;

- one-to-one confidential advice and guidance given by qualified careers advice and guidance staff. This can lead to the development of a career action plan, which will then be followed and assessed in order to highlight possible training requirements and skills gaps;
- training needs analysis; an assessment of an individual's skill needs;
- providing support and the opportunity for individual workers to train and reskill/up-skill to meet the demands of a changing job market. This can be academic or practical vocational training leading to employment, including unaccredited courses, accredited short courses, NVQ Level 3 (or equivalent) and/or NVQ Level 4 (or equivalent);⁵⁴
- referrals to specialist organizations e.g. for benefit advice on allowances, debt counselling, Business Link (for people wanting to become self-employed or start their own business);
- ongoing support, mentoring and tracking;
- job search to enable progression into employment.

According to the project's literature, from October 2008 over 3,300 individuals have undertaken training from 200 companies with 75% of individuals returning to work and in the period 2009 to 2010, the project is expected to:

- support 13 290 people across the West Midlands;
- deliver short employment-focused training courses and individual one-to-one support through a network of training providers;
- focus on getting people back into work.

8.6.3 Success factors

Factors affecting the success of the BWM project include ESF funding, partnership between the various parties and up-to-date labour market information and data. The trade unions were, and still are, the driving force behind this project and the BWM project would not exist without trade union involvement. Given their unique position the unions are often aware of the potential demands on the service by groups of workers and this improves the efficiency of the service.

8.6.4 Drawbacks limitations and typical costs

At the point at which the BWM project becomes involved, the situation within a company has already hit crisis point and the pressure of the lack of time makes the smooth transition to another job or training difficult for individual workers.

⁵⁴ The UK uses a scale for the National Qualification Framework ranging from one (lowest) to nine (highest). Level 2 is roughly the level of educational attainment expected of a school leaver; Level 3 is equivalent to Advanced levels (taken by 16-18 year olds in the UK)

8.6.5 Examples – see 8.6.2

8.6.6 Bibliography

For more information on the project and some case studies visit:

Internet: <http://www.betterwestmidlands.org.uk/>

To view a video produced by *Unite* trade union visit Internet: http://www.unitetheunion.com/regions/west_midlands/better_west_midlands_redundancy.aspx

Fiche summary:

Who is in charge to set up and initiate the use?	The consortium of trade unions is in charge of the initiative. Employers and employees are able to contact the service for support.
With help from whom?	The consortium will arrange the help as it is needed. For example when an employee requires retraining in a particular field, BWM will arrange for this to take place and hold discussions with training providers.
What helps its implementation?	Without funding this initiative would not exist. However without the trade unions and their application for funding and the coordination and management of the project, employers and employees would not receive this type of help.
What problems are there for its implementation?	Similarly to the CESS (see fiche), without a referral to BWM concerning the situation with a particular employer or group of employees, BWM would be unable to act. The referral by external organisations is crucial to its success.

8.7 Germany - Encouraging self-employment

By Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.7.1 Presentation

Reintegrating unemployed people into the labour market by encouraging them to start their own business has become an important element of labour market policies in many European countries. To foster such initiatives, governments have implemented a range of programmes that support people on their way to self-employment. Therefore instruments which encourage self-employment can be seen as complementary to other existing labour market policies used within the reconversion process.

In 1986, Germany implemented such an instrument for the first time. With the 'bridging allowance' ('Überbrückungsgeld') unemployed people received financial help to support their start-up initiatives and thus avoid or terminate unemployment. This instrument was mainly intended to protect livelihood during the first critical start-up phase.

As part of the so called 'Hartz-Reforms' of German labour market policy, an additional programme to foster self-employment was introduced in 2003. The 'start-up subsidy' ('Existenzgründungszuschuss') better known as the 'Ich-AG' provided unemployed people with a temporary financial benefit for not longer than three years. The criteria to receive support of both programmes were quite similar, but their structural design differs. As mentioned the 'bridging-allowance' should mainly protect start-up companies during their formation phase, while the 'Ich-AG' supported self-employment in the long term. The 'bridging-allowance' paid the recipients the same amount of benefits that they had received during their unemployment for a period of six months (plus a share of 70% of social-insurance contributions). Against this the 'Ich-AG' paid, in the first year, a lump-sum of EUR 600 per month, EUR 360 per month for the second year, and EUR 240 per month for the third year.

Although these programmes were quite successful, in August 2006 both instruments were replaced and merged into a new start-up subsidy programme ('Gründungszuschuss'). With the concentration on only one instrument, the German government mainly aimed to achieve greater transparency and clarity and lighten the administration. This new instrument can be described as a compromise between the former two programmes. In the first nine months recipients receive an allowance amounting to their former unemployment benefits plus EUR 300 per month. These payments primarily fulfil the 'early-protection' in the critical start-up phase. The lump-sum of EUR 300 per month can then be paid for a further six months if the recipient can prove business activity and full-time employment due to the new company. This second stage of support can be seen as a continuation of the long-term conception of the former 'Ich-AG'.

8.7.2 Implementation method

The mechanism is not mandatory but unemployed people can make an application for funds from the new start-up subsidiary programme if all preconditions are fulfilled according to §57 of the German Social Security Code. Pivotal in this regard is the assessment of a business plan by an expert who checks whether the concept of the start-up company is sustainable. Additionally, the recipient must prove that (s)he has the necessary knowledge about how to operate a business. To facilitate this, all applicants can access business coaching which is subsidised by the federal-owned KfW bank.

8.7.3 Success factors

Encouraging unemployed people to start-up their own business was always an interesting labour market policy instrument due to several advantages. In the optimum case new start-ups not only terminates unemployment but also creates multiplier effects if these companies create additional jobs. Beside these advantages on the macro-economic level, self-employment can also enhance the personal situation of the entrepreneur by good incomes, individual self-realisation and flexible working hours. Despite these advantages, few new start-up companies were created until 2003. This situation changed with the implementation of the new '*Ich-AG*'. Due to a massive marketing campaign by the German government and the Hartz-Commission the number of supported start-ups almost doubled in 2003. This trend peaked in 2004 and almost 10% of Germany's registered unemployed people participated in the programmes and the assistance provided under the two schemes accounted for 17% of the total spending on Germany's active labour market policy.⁵⁵

8.7.4 Drawbacks, limitations and typical costs

With the termination of the '*Ich-AG*' in 2006 and the replacement by the new start-up subsidiary programme the number of new start-ups decreased almost to the situation prior to 2003.

Due to the short time the '*new start-up subsidy programme*' is in force a comprehensive evaluation of this instrument is missing at the moment. Nevertheless there are some evaluations of the previous '*bridging allowance*' and the former '*start-up subsidy*'.⁵⁶ Key determinants to measures the success of start-ups is at first the survival rate of these businesses, second the income of the new entrepreneurs and finally the effects of new start-ups on general employment, i.e. the mentioned multiplier effects.

Although both programmes showed quite good survival rates, it is obvious that individuals who were promoted by the '*Ich-AG*'-scheme showed higher survival rates due to the longer period of assistance. The mentioned evaluation show survival rates after 2.5 years between 74.4% for woman in the '*Ich-AG*'-scheme and 68.3% for woman received a '*bridging allowance*'. Survival rates of men in both programmes range in between this interval. These figures are quite similar to previous studies which showed survival rates of 90% after the first year, 80% after two years and 70% after three years.

Evaluations record several variables having an impact on these survival rates, such as labour market history and various socio-demographic characteristics of the people as

⁵⁵ See: Caliendo, Marco/Kritikos, Alexander S. (2007): Start-ups by the unemployed: Characteristics, survival and direct employment effects, IZA Discussion Paper No. 3220, Bonn, p. 5.

⁵⁶ Ibid.

well as their motivations to launch a business and previous work experience. Regarding the socio-demographic factors the age of the affected individuals had a significant impact on the survival rate, which is that individuals aged between 30 and 39 years showed lower failure rates than people aged between 18 and 29 years. These results might be explained by higher working experience before becoming unemployed. Regarding formal education only very little influence can be recorded. Thus the often mentioned belief that a higher formal education enhances the survival rate of the new entrepreneurs cannot be proved.

Furthermore the labour market history of an individual plays also no significant role concerning the survival rate, i.e. more problems due to a long period of unemployment are not very significant. However previous work experience increases the survival rate of individuals. These studies underline "that it is important for the survival of self-employed people to have gathered working experience not only in terms of years, but also in the specific business segment where the self-employment activity is planned."⁵⁷ This finding already refers to the importance of factors motivating or forcing individuals to start-up their own business. Beside the motivation 'to terminate unemployment' and 'to be one's own boss', already existing 'first customers' is one of the most important motivations for self-employment. On the other side one main factor forcing individuals into self-employment is 'advice from the labour agency' to do so, although these people show significant lower survival rates, which indicates that labour agencies should not get involved in the decision if one decides to start-up in business.

A second factor which can help to assess the success of these instruments is the income of new entrepreneurs. In general, evaluations show that most individuals who start their own business earn less money in comparison to their previous employment; 50% of full-time and 70% of part-time employed individuals reported that they earn less, regardless if these individuals are still in self-employment or employees once more.⁵⁸ In principle this can be explained by the fact that start-up entrepreneurs usually earn less in the early period of their business. At least 50% of the full-time self-employed people can compensate for these losses over the years. However for around 9% of programme participants the entry into self-employment ends with significant loss of money and failure. This is particularly applicable to recipients of the 'bridging allowance', which maybe correlates with the lower survival rate of this instrument.

Finally the extent to which these programmes promote new jobs at the macro-economic level is an additional assessment factor. It is obvious that such effects can not only be expected by start-up business created out of unemployment, but are much more significant for new 'regular' self-employment, due to the pure quantity of these start-ups. In 2008 the number of these 'regular' start-ups was twice as high as the number of 'forced' entrepreneurs.⁵⁹ Different studies reported that the number of self-employed people with further employees has been constant in the last decades, while the number of sole entrepreneurs, as seen, is growing since the 1980s, which mean that the share of start-ups with further employees dropped from 30% to 20%.⁶⁰

The evaluation of the former 'bridging allowance' and the 'Ich-AG' show a mixed performance of these instruments. Although the survival rate of both programmes was quite satisfying, all new entrepreneurs faced significant financial insecurities in the early

⁵⁷ Ibid. p. 16.

⁵⁸ Noll, Susanne/Wießner, Frank (2006): *Existenzgründung aus Arbeitslosigkeit: Ein Platz an der Sonne oder vom Regen in die Traufe?* in WSI Mitteilungen 5/2006, Düsseldorf, p270-277.

⁵⁹ See: Global Entrepreneurship Monitor 2008; Country Report Germany, IAB Nürnberg, p5.

⁶⁰ Caliendo/Kritikos (2007): p17.

phase of their start-up, leading in some cases to unemployment and debts. Nevertheless the sharp increase of new start-ups with the introduction of the 'Ich-AG' in 2003 can be seen as a success, which is why the replacement by the 'new start-up subsidy programme' has been criticised.

8.7.5 Examples

8.7.6 Bibliography

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8.8 Denmark / Germany – Employee-Driven Innovation Initiatives

By Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.8.1 Presentation

Many examples in the context of reacting to growing competition illustrate the important role of social dialogue and cooperation at company, sector and national level. Social dialogue and collective agreements focusing on preventive action involving social partners, local authorities, and/or professional organisations are regarded as fundamental, because they may favour innovative projects involving all actors and defining reciprocal responsibilities and competences.

Two examples of trade union led initiatives aimed at improving the capacity of companies and industry sectors in managing and adapting to change, in particular challenges in the context of global restructuring and internationalisation are the concept of 'employee-driven innovation' in Denmark and the 'Better, not cheaper' campaign of the metalworkers' trade union federation *IG Metall* in Germany.

Employee-driven innovation in Denmark

While the Danish trade unions acknowledge the activities of governments in the field of innovation, they also point out certain shortcomings of companies regarding innovation activities – in particular in the SME sector – and regional disparities regarding the exploitation of innovation and research and development potential. Against this, the trade union, LO Denmark states:

“So a stronger and more holistic policy is needed to enhance innovation, because Denmark does have fine conditions for becoming one of the world’s most innovative societies. But it requires far more targeted and ambitious initiatives – and a common understanding of the 'soft strengths' that offer Denmark special global advantages. The potential of employee-driven innovation must be exploited, but this calls for active and systematic involvement of all employees.”⁶¹

This approach is also reflected in recent collective bargaining agreements in Denmark; the 2007 agreement between social partners in industry, which will affect about 250 000 employees and covers a three-year period, contains a number of significant changes with regard to these issues, in particular regarding further and stronger access to continuing training. This is seen as a crucial instrument to develop the competitiveness of companies. The agreement provides for the establishment of a 'Competence

⁶¹ LO Denmark, Danish Labour News, No. 2, 2007, p7.

Development Fund of Industry' to which the employer will pay EUR 35 per employee each week, increasing to EUR 70 over the agreement period. These funds will be used to finance the employees' wages while they are on two weeks of continuing training.⁶²

The 'better, not cheaper campaign' of German metal workers

The German metalworkers union has addressed the issue of innovation capacities at company level in order to better prepare companies for managing the effects of structural change and globalisation. The 'better, not cheaper' campaign (*'Besser statt Billiger'*) launched in 2004 aims at making companies more competitive while defending existing wage and working-time agreements.

Shrinking employment in traditional blue-collar jobs, decreasing membership numbers and the constant demand by employers to downgrade hard-fought social standards owing to cheaper competition in Eastern Europe and the Far East, are all varied and mutually reinforcing reasons why, since the fall of the Iron Curtain, the trade unions in Germany have been defensive. Against this backdrop, the 'better, not cheaper' campaign, was launched to prove that better instead of cheaper should become a stronger strategic orientation. The aim is to make businesses in the metalworking sector internationally more competitive through investment and innovation. *IG Metall* regards the campaign as a counterbalance to the softer option often taken by companies that lose their competitive edge. Employees often face more work without better pay or shorter hours, fewer days' holiday, and reduction or even elimination of holidays or bonuses and special payments for night and weekend shifts.

8.8.2 Implementation method

The 'better, not cheaper' campaign establishes a methodological and strategic framework for employees' representatives at the company level in situation of restructuring; when a company demands changes to wage agreements from the works council and trade union, the workers' representatives no longer cave in - they go on the offensive. In tangible terms, it means that they demand proof of what the company intends to do to be qualitatively better than the competition in the future. If required, it must make its accounts public so that these can be examined by accountants appointed by the works committee. Unless the company is willing to be completely open, it cannot expect any cooperation from labour. Only if a company undertakes to eliminate shortcomings, improve structures and working procedures, encourage staff training and innovation and to invest, is the workforce willing to negotiate on time-limited deviations from the existing wage agreements.

To date, *IG Metall* has been discussing the 'better not cheaper' strategy in more than 400 companies alone in the federal State of North Rhine-Westphalia. Surprisingly, these are not just companies keen to change existing wage agreements; many of them have joined the campaign and are actively cooperating with *IG Metall* in order to implement the modernising campaign with their staff. The campaign is also complementary to other initiatives focusing on the development of innovative industrial policy strategies and supporting works councils in North-Rhine Westphalia.

8.8.3 Success factors

The initiatives both in Denmark and in Germany are based on strong trade union structures and high membership rates both at company level as well as in the

⁶² See: internet: <http://www.eurofound.europa.eu/eiro/2007/03/articles/dk0703019i.htm>.

national/sectoral context. Implementation is facilitated by the focus on the issues of 'innovation capacities' and developing tailor-made responses at the company level to globalisation and increased competition. These challenges are also accepted by the employers' side as important challenges.

8.8.4 Drawbacks, limitations and typical costs

8.8.5 Example: Motorenfabrik Deutz AG

A concrete example of a successful modernisation and innovation campaign is illustrated by the example of the *Motorenfabrik Deutz AG* in Cologne: Against increased competition and pressure on prices the management, as in so many cases, was initially very demanding, calling for employees to accept lower wages and unpaid overtime without a proper concept as to how *Deutz* could improve the company's position in the future. Three years earlier, staff had accepted belt-tightening measures without *Deutz* having taken advantage of the opportunities it gave the company.

Encouraged by the works council, the company's management examined the entire expenditure bill and found potential for cost-cutting, which was then translated into a big re-launch programme. Distribution structures were reorganised, and the foundry closed down. This caused the loss of 229 jobs, but the staff in question was either retrained for jobs in other departments, began pre-retirement part-time work or took early retirement.

Also contract with suppliers were reorganised according to cost efficiency objectives; in the case of long-term contracts with customers, material procurement accounted for 65% of total costs. This was another area which needed a serious overhaul; some links with customers were terminated, comparisons of raw materials were made and negotiations took place with suppliers. In this way, the company was able to save a lot of money. In addition, the company embarked on an energetic course of investment, more than ever before in the company's 140-year history; in machinery, and research and development as a driving force of innovation. Research and development expenditure doubled in a relatively short period of time and is now above average of the industry's general average.

As a result of this reorganisation process, *Deutz* did very well in 2007 and were participating competitively in the international market of engine suppliers for the truck industries, thereby increasing the number of manufactured engines significantly. In 2006, the company was also able to acquire the Italian tractor manufacturer *Same*. In 2007, the number of employees was about 5,700 and the number was rising. According to employees' representatives, the innovation and modernisation process as well as longer orientated planning was the major source of job creation.

8.8.6 Bibliography

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8.9 France - The local outplacement platform

By Françoise Marin (BPI)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.9.1 Presentation

A local and sectoral framework for the management of restructurings

In the summer of 2005, a host of companies in the leather business encountered serious difficulties that led to closures of companies and the lay-off of some 250 workers throughout the local employment area of Romans-sur-Isère (in Rhône-Alpes)

The announcement of the mass lay-offs in a line of business that was hitherto the flagship industry in a local labour market with a rural and agricultural dimension, and which affects a group of companies whose reputation is associated with French luxury industry, caused great sensation nationwide.

Immediately, the Government stepped in to help the laid-off employees and to provide support to the local labour market as it embarked in an economic transition. In this regard, an original package was set-up to mitigate the local impact of the firm closures by implementing a collective action, coordinated at local area level, and addressing each and every company hit by redundancies. This package, which centred on the three different mechanisms listed below, has been proposed to local stakeholders (local communities, employers and union leaders) to be rolled out quickly:

1. an 'area agreement' (*Contrat de site*), run by a Government representative (a high-level civil servant), in charge of regional regeneration and assistance to employment;
2. an 'employment house' in charge of setting out and implementing the support mechanisms, with companies and with jobseekers in the local labour market in the medium and long term;
3. a redeployment platform for laid-off workers, whose former companies are failing and are incapable of financing redeployment actions.

Unlike the first two mechanisms, the redeployment platform does not match any existing legal framework.

The project consists of a proposal to laid-off workers in the leather business of an enhanced support mechanism, over a period of two year, which is consistent with common law measures, and which is innovative enough to carry through the redeployment of such leather professionals whose specialisation and professional qualifications are out of step with the local job market.

Two years later in 2007, considering the positive outcomes of the platform and faced

with more companies shutting down in the leather and textiles businesses, the Government has decided to extend the platform for a further two years and to make it a multi-sectoral platform.

In 2009, the redeployment platform proved its relevance and was extended once again for all workers laid off on economic grounds throughout the country.

8.9.2 Implementation method

The platform is developed on the basis of a public/private sector cooperation; the Government provides leadership.

The management and union leaders of the business sites that have shut down proactively take part for the project to succeed by mobilising the laid-off workers and taking part in the steering committee.

The role of local authorities is:

- regional and departmental authorities support the economic regeneration projects in the area i.e. setting up new companies, work centres;
- the regional authorities mobilise financial resources to provide vocational and professional training for people receiving retraining;
- the municipality provides facilities to accommodate the platform.

From a purely operational angle, three actors operating simultaneously in the areas of employment, vocational/professional training and redeployment have all been requested to bring together their skills and working methods:

- ANPE (French PES) in charge of following up jobseekers (ANPE become '*Pôle Emploi*' since the beginning of 2009);
- AFPA, the component of the French PES in service training;
- the private firm, *BPI*, specialised in human resources management and supervising employment centres and restructuring projects nationwide.

Each of these partners mobilises a team of consultants and counsellors dedicated to the platform, whose mission consists in setting up a multi-disciplinary team that transcends the institutional affiliations of each and every one and has the capacity to act in a consistent manner for people receiving assistance.

From the way it operates, the platform is clearly a novelty for these three actors. Notably, with regard to its organisation, the platform is set up in a warm and friendly place, open to all laid off workers throughout the week. These people can, not only meet the consultant in charge of coaching them, but can also have access to the services provided; job search skills workshops, motivational workshops, interviews skills, jobs offers detection, networking facilitation, access to recruiters, technical and logistical facilities, i.e. IT services. The challenge is to create an environment that helps to facilitate exchange and break the loneliness of people who have never had to look for a new job. In most of the cases, many of the people need significant retraining.

In terms of services, the platform is equipped with a wide range of services, previously described, in the area of redeployment project support and an independent service in

charge of hunting for job offers, an operation which is entirely performed in tandem with partners.

The project consists of designing a personalised programme for each person, which alternates between provision of individual and collective consultancy services (guidance, coaching, and support to job seeking) and free-access services.

Throughout its two editions, the platform has played host to some 550 laid-off workers and has helped to redeploy three-quarters of this population through the signing of permanent contracts, fixed-term or temporary contracts of more than six months, admissions for long-term certification training and the successful development of business creation. Other people have become beneficiaries of the standard measures and devices existing and devoted to jobseekers upon completion of their assistance period at the platform.

8.9.3 Success factors

These success factors can only be assessed in the light of the success factors of a broad-based partnership:

Leadership provided by the Government (high-level civil servants, the *Préfet* and the 'Subprefect' in charge of the area development, and the Department Direction of Labour, Employment and Vocational Training) in the long term to ensure proper coordination of the different devices rolled out ('Area Agreement', Employment House and redeployment platform):

- facilitation of information exchange between stakeholders of economic development and redeployment;
- contact with companies that extend beyond job offer hunting right up to their projects;
- increasing the number of contact facilitation between companies and candidates;
- projects conducted jointly: getting-to-know-you sessions, communication;
- the communication of a 'platform' identity.

A public/private partnership built on complementary skills and allowing for a decisive mobilisation of candidates:

- participation of all local authorities,
- assistance engineering based on work through complex networking, which demands important investments in terms of methodology and supervision, and which needs to be capitalised.

Quick access by people to the services offered and streamlining of procedures:

- Good positioning for job offers, access to vocational/professional training facilities taking into account retaining problems, and to existing facilities to ease recruitment.

Implementing and monitoring of programmes for people combining skills of the three services providers: performance of shared diagnosis on the actual situation of each person and joint preparation of the action plan to be rolled out.

8.9.4 Drawbacks, limitations and typical costs

A demand to be met by all stakeholders and players is the shift from a means-oriented approach to a culture of development in a region for people professionally and socially weakened, and receiving retraining.

Although the mobilisation of all the players and stakeholders is a key success factor for projects of this magnitude in the heart of the crisis, the long-term challenge is to work out a commonly shared project for all the parties that mobilises each and every one and enables them to clearly identify their role, their contribution and their expectations, and to fully take advantage of this leverage, which facilitates partnership.

Management of kick-off and gradual build-up needs to be properly organised in complex packages of this type which include multi-mechanisms, multi-players, multi-skills, multi-methods, multi-financing and there is a need for a shared agenda and regular exchange of views. It is an innovation that calls for good supervision.

One of the challenges consists in transcending the working methods of each of the stakeholders to spare the candidates from a succession of speeches and methods that are redundant, sometimes contradictory, and even uncoordinated.

The successful implementation of the redeployment process requires the development of shared tools (information system) and the adaptation of the business practices of each and every one with a view to contributing more effectively to the redeployment of the candidates receiving assistance.

8.9.5 Examples

8.9.6 Bibliography

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Fiche summary:

- a. The redeployment platform is an ad-hoc device, set-up to manage, at local level, the restructuring and change effects, following the closure of leather plants that locally signs the end of this industry.

- b. The platform provides services to workers of SMEs made redundant in order to help them to quickly go back to the labour market. Its success combines the following conditions of governance:
 - i. A strong leadership carried out by the Government, made concrete thanks to the attendance of a high-level civil servant;
 - ii. A strong involvement of social and local stakeholders: (a) The social partners of the SMEs, actively committed in mobilising the laid off workers and attending the steering committees. (b) Local and regional authorities, supporting regeneration projects in the area, providing facilities and accommodation for the platform, co-financing training and retraining programmes;
 - iii. A thorough operational public/private partnership providing a wide range of customised services and gathering the Public Employment Service – through its various components – and a private provider, the consultancy firms specialised in HR management and collective outplacement.
- c. A successful implementation requires each partner to think globally and not only from the point of view of its organisation. That means a strong partnership, a consistency in the support provided to people, an approach founded to a shared vision of what can be the regional development that overcomes the 'tools put at disposal of people'.

8.10 France - Job Safeguard Plan (French social plan)

By Tristan Girard (BPI)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.10.1 Presentation

According to the French Employment Regulations, companies of 50 employees or more, which plan to lay-off more than ten employees, based on economic grounds, must inform and consult their works council and/or central works council to gather their opinion on the project.

The law requires companies to undertake the procedures outlined below:

1. Before any final decision, the employer must consult the works councils (CE) or the central works council (CCE) to present the plan to them and gather their opinion. The employer needs to provide two notes based on economic and social grounds:

a.i. Providing information on the economic / structural grounds of the redundancy plan

This document must be presented to the works council on the first meeting. In the case of litigation, it will be used as a basis to assess the relevancy of the economic grounds. In this document the employer must outline:

- the economic grounds justifying the redundancy plan; restructuring, reorganisation, financial difficulties;
- the solutions that have been considered to improve the financial situation of the company;
- the steps that have already been implemented to overcome the alleged difficulties;
- the intended objectives of the plan;
- the impact of the plan on the company's workforce.

Once the procedure is carried out, the employer must obtain the opinion of the works council on the measures set forth. Whether the outcome is positive or negative is not critical in any way.

a.ii. Company management must consult the works council representatives on the measures they plan to take in order to support the employees made redundant; all of these measures are presented to the works council representatives on the first meeting, in a document called the Redundancy Plan (*Plan de Sauvegarde de l'Emploi*). The objective of the plan is to limit the number of job losses by setting up local job centres. Criteria are used to determine who, amongst the employees, will be laid-off and when. This document must include:

- measures to be adopted to limit the number of redundancies, including the internal

- transfers, the early retirement schemes and part-time work;
- devices to reduce the impact of the redundancies, such as financial compensation;
- actions for the local economic development of the area (economic regeneration).

a.iii. events or actors which may disrupt the negotiations:

- **employment authorities (Regional Employment Director or Employment Inspector) and the local government ('Préfet');** before the company can implement its plan, the employer must submit the redundancy plan and the economic dossier to the employment authorities for inspection, and to the 'Préfet', regardless of the works council's opinion. The authorities will assess the content and the effects of the measures set forth in the redundancy plan, and may decide to agree the procedure or to stop it if they feel the company has not made enough effort either to limit the number of lay-offs or to reduce their consequences.

- **chartered accountant**

The works council may request the assistance of a chartered accountant to help them understand the economic grounds. The chartered accountant is appointed by the works council, and the fees are covered by the employer. (S)he submits a report assessing the alleged economic grounds and the company's current situation. Although this report does not hold the employer back, in the case of litigation, the magistrate can use it as a basis to forge an later opinion on economic grounds.

- **court**

The civil judge (county court) plays a major role in redundancy issues. His/her role is to judge (a) the company's compliance to the legislation regarding redundancy plans, (b) the measures set forth in the Redundancy Plan, (c) the employer's failure to disclose any relevant information to the works council representatives.

Legal action can be initiated either by the trade union, works council or employees' representatives to cancel or suspend the procedure and /or to disrupt the procedure or force the employer to negotiate. Since the 1990s, there is a growing trend in jurisprudence and employers are under increasing constraints in terms of social measures, to support employees who are made redundant.

2. Simultaneously or shortly after the consultation, the employer must introduce a 'social plan'⁶³ (called '*Plan de Sauvegarde de l'Emploi*') presenting the measures to be adopted to help the employees affected by the redundancy. The social plan is nowadays subject to sanctions from the various authorities and numerous political pressures; statistics show that only a very small number of redundancy plans have been ruled unsatisfactory by the authorities:

- the risk of a redundancy plan being cancelled has forced companies to work more closely with the authorities, consulting them and experts prior to the official announcements and offering concrete and effective solutions to employees;
- very few projects are carried to terms without any litigation of some sort. The aim of these procedures is or to cancel the plan either to improve the terms and conditions;
- political actors (mayors, councillors) express their opinions openly, and can try to block a procedure outright if they consider it appropriate to do so by putting pressure on the Management directly or through the Work administration.

⁶³ Although since 2002 the official name has been 'job safeguard plan', the former name of 'social plan' is still commonly used.

b.i. Taking time; this has become a critical factor both during the planning phase and the implementation phase as it sets the tone for the entire procedure and impacts on the final cost. Companies that take their time demonstrate a commitment to finding the best possible solutions for all the employees concerned on the territory, while those that rush through the procedures are pin-pointed for their lack of interest in the well-being of their employees.

b.ii. Laying the groundwork; both public and political authorities are very sensitive to employers who devote sufficient time to carefully prepare the groundwork for the procedure. This is no guarantee of success, but planning for lay-offs well in advance is a sign of the company's commitment to seek the best possible solution for its employees. Thus, it is particularly important to meet them before making any public announcement. This allows the company to determine relatively early whether the plan is likely to be approved or not, to avoid its cancellation, and in the latter case, to seek alternatives.

The duration of this procedure depends on the number of job cuts and the request of a chartered accountant by the works council. From a legal point of view, the procedure can last from 15 days to two and a half months. Beside legal provisions, it is important to consider that the duration of the procedure relies on the management's understanding of the importance of:

- preparing the plan with the employees and their representatives to avoid litigation;
- communicating with the government authorities especially with the employment authorities and the local government ('Préfet') at an early stage;
- setting the tone from the start to the end of the procedure.

8.10.2 Implementation method

Companies need to take some time before implementing the social plan for the following reasons:

- for the employees and the social climate; the shock of being laid-off is tempered by the fact that employees do not leave the company immediately. Moreover, since people laid-off within a company employing more than 1 000 employees are still being paid a salary (i.e. are not registered as unemployed), they are in a more positive state of mind which facilitates the job search and the risk of social unrest is lower.
- in cases of litigation, allocating sufficient time for the procedures shows the judge, the company's goodwill and concern. Alternatively, rushing through negotiations may lead the company to lose its case in the case of a legal procedure.

The following points should also be observed for successful implementation:

- *Develop concrete, realistic measures adapted to the employee's needs in the territory*

Internal transfers; these are essential, even if there are only very few openings. According to the French Law, lay-offs are unjustified (*sans motif réel et sérieux*) if the employee made redundant has not been offered another job when there were openings within the company or group for candidates with equivalent or lower qualifications. Such job offers must always be supported by measures aimed at facilitating mobility i.e. relocation costs, double rents, assistance for the employee's spouse/children;

Measures to assist employees seeking jobs outside the company; in addition to

setting up a job centre, whose structures, resources and procedures must be set out in detail, the plan must also include the following measures:

- financial incentives for training (bonuses, assistance in locating training bodies);
- assistance to employers who are recruiting new staff (compensation for trial period, training, employer contributions);
- an early departure option - the option of leaving the company earlier in the case where the person finds a job;
- temporary leave;
- reimbursement of expenses incurred whilst seeking a new job;
- extension of existing health insurance cover;
- bonus for rapid success in finding a new job;
- assistance to encourage mobility (cost of moving, settling in, transportation);
- financial incentives to help employees set up a business and in the early stages.

The cost of such measures depends on the actual use made of each one, and tends to rise for large corporations or companies that belong to a larger group. For smaller companies a national employment funds (FNE) exists and those companies qualify for a range of incentives offered by the government to help them implementing their social plans.

Measures to encourage the economic development of the local area; such measures consist in offering, organising and financing (in part) a project to promote and facilitate the creation of new businesses, or the transfer of small and medium-sized companies to the local community. The aim is to increase the number of jobs on offer and play an active role (as a 'corporate citizen') in reducing unemployment.

- ***Employer's commitments for 'local economic regeneration' – French Labour Code***

Beside the social plan, companies with more than 1,000 employees in Europe, which are downsizing a site, with a significant impact in an area, are legally compelled to implement measures of economic regeneration:

- an impact study has to be made if the impact is considered as significant;
- the 'Préfet', legal representative of the State in the 'department', must inform the company – within one month – if it has to do so or not. The delay is two months if an impact study has to be launched;
- contract has to be signed between the company and the State, within six months, in order to formalise the measures and the financial contribution of the company;
- the financial contribution cannot be less than two *SMICs* (monthly minimum salary) per redundant job;
- the companies that do not implement such measures can be fined between two and four times the minimum wage multiplied by the number of employees made redundant.

- ***Follow-up committee***

The employer can offer to set up a special committee to monitor the development and the implementation of the social plan. Members generally include employees' representatives, employers and representatives of the PES; they may include the head of the local administration of labour (*Direction départementale du Travail, de l'Emploi, et de la Formation Professionnelle*) or a representative. Each company is the best judge of how appropriate such a committee is, but public authorities feel that doing so reflects the employer's openness and transparency in its dealings.

- *Problems which may arise in the course of the procedures*; these can be summarised as follows:
 - **Refusal of members of the (Central) works council to attend the meetings, or impossibility of holding them (e.g. employees occupying the meeting room)**; the meeting will be deemed to have been held provided that employees' representatives were given timely notice in accordance with the applicable procedures. The same applies if the meeting cannot be held through no fault of the employer. However, the employer is advised to include in the minutes of the meeting its intention to open the discussion and, even though, as a legal matter, the meeting will be deemed to have taken place, the employer is also advised to suggest that another meeting be held.
 - **Refusal to provide an opinion as required by the French Labour code on the economic justification and social plan on the grounds that there was not enough time to review the documents or because of a lack of information**; in such cases the employer is advised to suggest to the works council representatives that the meeting be continued (even over several days) or that another meeting be scheduled. If this cannot be done, members of the works council or central works council may initiate emergent proceedings in the district court on the grounds that they did not have enough time to review the documents presented to them (15 days time after each works council meeting);
 - **Report of Noncompliance (*Constat de Carence*)**; this report may be drawn up by the labour authorities within eight days of notification of the social plan and will effectively render the entire procedure null and void. If the company still wishes to implement its plan it must once again call a meeting of the central works council and present its economic report and redundancy plan, taking into account the labour authorities' comments on the proposed measures;
 - **Inadequate redundancy plan**; employees' representatives may bring two actions; firstly, they may bring an action in emergent proceedings in the district court to prevent the plan going from ahead; secondly, they may immediately initiate substantive proceedings, again in the district court, seeking a ruling that the redundancy plan is inadequate. Only the Industrial Tribunal (*Conseil des prud'hommes*) has jurisdiction to rule on the existence and reasonableness of the economic grounds claimed by the company; the district court lacks jurisdiction of this matter. Filing a complaint with the district court does not bring the information and consultation procedure to an end. In recent years, several companies have been sued by their former employees seeking damages on economic grounds.

8.10.3 Success Factors

- According to French law, redundancy plans are compulsory, for companies of more than fifty employees that plan to lay-off more than ten employees. The redundancy plans are therefore central to structuring the restructuring process, from the announcement and the following information and consultation process, until the implementation period with the measures for managing the change effects;
- Every company must implement the redundancy plan in respect to the procedure

described in the present fiche. They often have recourse to a specialised consultant to advise them in the preparation of the plan and help them in the concrete implementation of the dedicated measures;

- Designing a redundancy plan requires establishing a social dialogue, first of all with the employees' representation (the works council) but also a dialogue at the local level with the local authorities and local stakeholders involved in the area development. Taking time to build a 'local and social dialogue' is a condition of success e.g. increasing the number of displaced workers back to work as soon as possible;
- Even though French law is determining and specific, the successive steps of the plan from the information and consultation of social partners, the announcement, the relationship with local authorities and institutions, until the concrete implementation of measures, prove to be a relevant process that can inspire restructuring process in other Member States.

8.10.4 Drawbacks, limitations and typical costs

8.10.5 Examples

8.10.6 Bibliography

Reading

Restructurations d'entreprises:Des recherches pour l'action - de Rachel Beaujolin-Bellet, Géraldine Schmidt . Vuibert, avril 2008

Internet :

<http://www.travail-solidarite.gouv.fr/informations-pratiques/fiches-pratiques/licenciement/plan-sauvegarde-emploi.html>

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8.11 Spain - Experimental employment programme for unemployed workers

By Bernadette Bergsma de Paz

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.11.1 Presentation

The objective of experimental employment programmes is the development of occupational programmes that combine different kinds of actions; information, guidance and advice, training, labour (re)integration, work experience and geographic mobility, with the aim of achieving labour (re)integration of unemployed workers. The programme consists of the following stages:

- *Stage I* - definition of the list of participants

The PES provides the autonomous region with a list of possible participants in the programme, and then the participants are selected for the personal and professional interviews to obtain a profile of each participant. The target group is set according to the National Action Plan for Employment and consists of unemployed people with difficulty entering the labour market i.e. people with disabilities, immigrants, women with difficulty entering the workplace, unemployed people at risk of exclusion, recipients of benefits, unemployment compensation, and an Active Insertion Income. The estimated duration of this stage is one month.

- *Stage II* - development of the programme

The development of the programme will start to execute actions which allow the achievement of the objectives set by the experimental employment programmes. Actions to be carried out during this stage for the development of the personal itinerary are:

- guidance - information, motivation and support;
- education and training;
- (re)integration - outplacement management, supervision and follow-up after (re)integration;
- coordination and follow-up.

The estimated duration of this stage is ten months.

- *Stage III*: Closing of the programme

Organisation of the documents needed for the justification. This is the phase between *Stage II* and *Stage IV*, during which the actions belonging to *Stage II* and *Stage IV* will be combined.

The estimated duration of this stage is one month.

- *Stage IV*: Justification

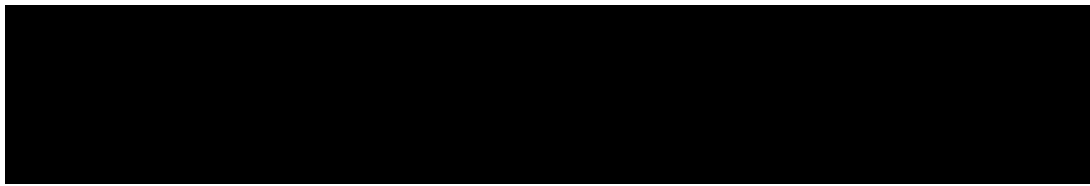
Once the experimental programme has finished, the economic and technical justification takes place.

- *Stage V: Follow-up*

Follow-up takes place during the programme, after (re)integration, and also after the programme has finished, by checking and making sure that all participants who entered the labour market during the programme are still working six months after the employment start date.

The objective of experimental employment programmes is the development of occupational training programmes with the aim of achieving labour (re)integration of unemployed workers affected by the restructuring process. Experimental employment programmes combine different kinds of actions i.e. information, guidance and advice, training, labour (re)integration, work experience and geographic mobility.

These programmes are implemented after the restructuring has taken place.



The experimental employment programmes are carried out after the implementation period of the restructuring process, since the focus is on unemployed workers that have lost their jobs due to restructuring.

These programmes have been offered in almost all the autonomous regions of Spain since 2004. Usually they are offered once a year although there are now autonomous regions offering them twice a year because of the crisis. Also, the content of the programme has been modified, offering other types of courses such as motivation workshops and entrepreneur training.

In cases of redundancies, the coverage mechanisms can complement other measures established in the collective agreements which in Spain, have a functional and territorial hierarchy and must be observed by both the workers' representatives and the company. This instrument could be in favour of the social plan when the works council and the company are negotiating the subsidies for redundant workers.

Experimental employment programmes can be offered by the PES of the corresponding autonomous region.

8.11.2 Implementation method

This tool is not mandatory, since every autonomous region receives an amount of money from the State which the regions can use for whatever they consider necessary in the area of employment and training.

Each autonomous region will develop and publish a call for proposal for each of these programmes which will be governed by the Order TAS/2643/2003 of 18 September, which controls the rules of the award of grants for the implementation of experimental programmes on employment.

Actor(s) responsible for the implementation and the main actors involved in it

- The autonomous regions of Spain, especially the PES of the corresponding

- autonomous region;
- The beneficiaries can be individuals and non-profit organisations which accredit experience to realise actions for the guidance of unemployed during outplacement processes.

8.11.3 Success factors

- the objective of (re)integration: at least 35% of the jobseekers attending the programme;
- at least 60% of the beneficiaries must be recipients of unemployment benefits or subsidies;
- a combination of different kinds of actions must be offered. The idea is to improve the possibilities of labour (re)integration, raising the actions as part of a personalised itinerary, from the starting point of labour guidance to specific actions such as professional training and education.

8.11.4 Drawbacks, limitations and typical costs

The main limitations for implementing the tool are:

- little time to develop and to implement the whole programme;
- little knowledge of the existence of these types of measures amongst the unemployed;
- there is no continuity of the work of the sponsoring activity, since the entity has to submit the request for every proposal, although it is about the same programme;
- only the target group i.e. unemployed people with difficulties entering the labour market and which represent nearly the 20% of the collective, can take part in the programme (the remainder are excluded).

Experimental employment programmes are usually financed by final transfers, meaning that the State gives the autonomous regions money so that these regions can fulfil their competences, amongst which are included employment programmes. Another way these programmes are financed is with the autonomous region's own funds, or through co-financing of the European Social Fund.

The total financing will be determined in the collaboration agreement depending on the number of people attending and the foreseen objectives of (re)integration. The financing can never be more than EUR 1 800 per attending person and EUR 5 400 per attending and inserted person into the labour market. Taking into account these two parameters, one can never receive more than EUR 2 400 on average per unemployed participant on the programme.

8.11.5 Examples

8.11.6 Bibliography

It is difficult to obtain evaluations because these programmes are implemented and carried out by entities that request a grant. Each entity does this in their own way. An evaluation of the entity '*Acción Laboral*' (Labour Action) is available; the evaluation report is exhaustive, since it gives the results of the programme after it has finished, and results during the programme. The report consists of the following parts:

- report of the technical department: analysis of the participants on the programme and incidents;
- report of the Department of Research and Insertion: analysis of the labour market, incidents, (re)integration analysis;
- report of the training department: presentation of the courses offered and related incidents;
- the main conclusion after the implementation of one of these programmes is that a longer programme is more favourable for (re)integration; an average of 45% were reinserted under a nine-month programme.

It is very difficult to find a bibliography and useful internet links, since the bases for granting subsidies for putting into practice experimental employment programmes are regulated by the Order TAS/2643/2003 of 18 September.

Links with descriptions and/or news items for experimental employment programmes:

Internet:

<http://www.inem.es/inem/en/ciudadano/empleo/programas/entidades/proexp.html>

Internet: http://www.mtas.es/en/guia/texto/guia_1_2_3.htm

Internet:

http://translate.google.es/translate?u=http%3A%2F%2F217.116.8.132%2Fpleyade%2Fbp_al_exp.htm&sl=es&tl=en&hl=es&ie=UTF-8

Internet:

http://translate.google.es/translate?u=http%3A%2F%2Fwww.farodevigo.es%2Fsecciones%2Fnoticia.jsp%3FpRef%3D2008091600_17_258928_Arousa-Ravella-activa-plan-insercion-laboural-destinado-parados-larga-duracion&sl=es&tl=en&hl=es&ie=UTF-8

Fiche summary:

Experimental Employment Programmes	
Who is in charge to set up the tool or mechanism at local level?	The PES of the autonomous region.
With the help of whom?	The set up is only undertaken by the local Public Service, without help from anyone else.
What helps its implementation?	The PES provides the autonomous region with a list of possible participants of the programme.

<p>What problems are there for its implementation?</p>	<ul style="list-style-type: none"> • time - lack of time to develop the programme; • little knowledge of the existence of these types of measures amongst unemployed people; • there is no continuity of the work of the sponsoring activity, since the entity has to submit the request for every proposal, although it is about the same programme.
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8.12 Spain – Re-qualification workshops for employment

By Regional Ministry of Employment and Equal Opportunities, Extremadura.

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.12.1 Presentation

These workshops are mixed programmes of employment and training, in which participants (who are unemployed workers) receive training aimed at receiving a certificate of professionalism. Certificates of professionalism are issued by the regional or national administration and are valid nationwide. They are official documents which accredit the professional competences and skills needed for the performance of a labour activity. These certificates aim to provide workers with the training required to accredit in every skill for which there is professional accreditation available, which is why they are so important. The certificates are composed of formative units that workers must pass to finally be awarded the certificate.

The re-qualification workshops aim to provide workers with the training that they need but, at the same time, they are awarded with a certificate of professionalism or just the part of the diploma that was missing in order to receive the certificate.

Workers who participate acquire practical experience in those occupations for which they are being prepared.

The workshops have a maximum length of six months, during which participants will alternate between training and undertaking work that is related to the subject and with a social interest. Workshops have an important function for unemployed people who worked in sectors affected by the crisis, because they can find another occupation in other sectors thanks to the training and work experience, and because the workshops recognize this newly-gained their knowledge by a certificate of professionalism, and so they can apply for new jobs. The important functions of the workshops are therefore to provide training and professional experience to unemployed people.

The training provides a qualification in productive activities which are different from those in which the unemployed person has previously worked. People can attend workshops with different subjects to which they worked, or subjects that are specialised within a productive sector considered as employment niches.

The workshop is located at the end of the process, when workers have been made redundant, or after a company has announced lay-offs. This tool is very useful to combine with the restructuring processes because it involves workers who have been made redundant due to the big change of a redundancy process - a crisis factor- and allows them to find another job in more stable occupations and in other sectors which are not affected by the crisis. The workshops are composed of a combined methodology of theory training and professional practice for learning whilst working. The final aim is getting training but also professional work experience; in some sectors there are greater opportunities to be employed

and for a longer period. These sectors are 'care services', 'environmental', and 'culture and heritage'; all of them are sectors at the peak in the region. People who have been made redundant from declining sectors because of the crisis situation, have the possibility to lead again in their new professional careers.

Crisis periods showed the need for reconsidering usual proceedings; the economic structure should be redirected to a new scheme more focused upon stable sectors, rather than speculative ones. This tool contributes to this objective by giving new employment opportunities in new sectors.

8.12.2 Implementation method

This tool does not derive from any law, agreement or custom. It is a measure included in the active policies for employment designed by the Regional Government of Extremadura in order to alleviate the current crisis situation. The General Directorate of Training for Employment in the Regional Employment Services (SEXPE), is body responsible for the implementation of this measure. In its execution, different departments and organisations collaborate, listed below:

- Regional Ministries of Culture, Promotion, Industry, Public Health and Dependence Issues. They collaborate with the General Directorate in designing the practical work of each workshop, developed to facilitate the acquisition of professional skills. As expert entities in each subject, their collaboration is essential in the correct design of the workshops and the practical elements of it;
- City councils and town communities collaborate with materials for projects, or with the means to carry out the workshops.

8.12.3 Success factors

Participants must be unemployed people, registered as unemployed on the Ministry of Employment database (SEXPE is in charge of the register of unemployed people in the region). Some workshops require previous training (i.e. prior knowledge in care issues), but others give priority to unemployed people from the building sector. Suitable installations and equipment is needed for the teaching, as well as a specific work during the practical phase. Another success factor is the involvement of several collaborative agents who know the reality in the field of work.

8.12.4 Drawbacks, limitations and typical costs

These are projects with a complex execution and a higher cost than other measures of active policies because they combine the costs of gaining employment experience with specialised training for the same groups of people:

- people under 25 and without previous training;
- people who are looking for their first job.

Workshops are financed by the budget of SEXPE, Regional Ministry of Employment and Equal Opportunities.

8.12.5 Example

Workshops are a recent measure and are still in the design phase. They are expected to start in December this year.

Some examples are:

- workshops for social and health services to dependents within social institutions;
- workshops on forest workers;
- workshops on specialised labourers in archeological work;
- workshops on regeneration of impoverished areas.

Monitoring and evaluation tasks will be developed for each workshop, by technical skilled staff from SEXPE.

8.12.6 Bibliography

(At present many of these references are in Spanish, although some have English option)

Website where the programme is published:

Internet:

http://www.empleaextremadura.com/modulos/mod_documentos/pub/listado.php?idcat=1706&zona=formacion

Employment plan for Extremadura link:

Internet: http://www.juntaex.es/consejerias/igualdadempleo/common/Plan_Empleo_Actual.pdf

8.13 Spain – Integral employment plan for redundant workers

By Bernadette Bergsma de Paz

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.13.1 Presentation

The integral employment plans personalise the active employment measures for redundant workers and soon-to-be redundant workers from companies with mass redundancies. They are similar to the experimental employment programmes (see fiche), although not identical, putting emphasis on supervision and support for the take-up of work, and with a high objective of reintegration to the labour market.

- **Objective of the subsidy given by the regional authorities to the entities implied in the different actions for (re)integration** - to establish a programme of economic support for labour (re)integration and to endeavour to maintain economic activity of workers who are or will be unemployed as a result of mass redundancies, by offering a combination of different actions i.e. information, guidance, support, training, work experience and geographic mobility. It is aimed at improving the employability of the participants in this plan.
- **Duration and objective of (re)integration** - implementation of the plan will have a maximum duration of nine months, developed at the place indicated on the announcements. At the end of the plan, a labour (re) integration of at least 50% of the participants has to be proved. Half of these inserted participants (25% of the total number) needs to have an open-ended contract and the rest of them should have a contract of a minimum of six months.
- **Number of participants** - the number of workers affected by a restructuring process (mostly cases of mass redundancies) able to participate in this plan will be published in the official diary of the corresponding autonomous region, accordingly with the Order.

At the point at which these redundant workers are inducted onto the project, the participants subscribe to an accession document before the lead organisation (the one applying for the grant and managing the other actors) and the bodies implementing the activities, commit to carry out the plan completely, except for justified reasons.

The following information will be indicated in the grant decision; lead organisation; number of participants that should attend during the insertion itinerary; objective of insertion.

The lead organisation's plan should prove the involvement of the total number of participants within a three-month period, commencing from the day after notification of the grant decision until the corresponding certificate of commencement for the standard

model, except for cases of progressive involvement of the participants into the project, when the grant decision can be expanded beyond that period. The lead organisation has to present a list of the participants in the plan and must update this list every three months, from the date of documentation noting commencement.

The number of participants is set by the Administration, and by the content of the project developed by the lead organisation, i.e. the type of support/training that it will offer to participants, and on the criterion set in the Order of 30 December 2008 of the Ministry of Economy, Finance and Employment.

The duration of the reintegration/integral employment plan should be at least three months. The follow-up after (re)integration into the company could take place during this three-month period. Before the labour market insertion the participant should have taken part in this initial itinerary for at least one month.

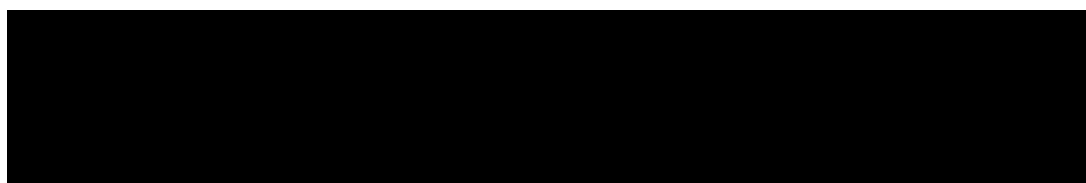
The itinerary begins with an individual in-depth interview to explore the aptitude and attitude of the unemployed person towards the job search, in order to determine the actions that need to be developed. This can consist of occupational guidance, degree of motivation, communication techniques (individual/group sessions), and training sessions to develop personal employment skills either generally or related to a specific industry or activity (individual/group sessions).

After the integral employment plan, the lead organisation follows-up the participant in the company during the term of the contract until the termination of the plan. This implies that during the first two months actions most favourable to labour insertion will be realised.

The participants have the right to a certificate to certify that (s)he has participated in the Integral Employment Plan. The lead organisation must provide provisional data the extent to which the objectives have been achieved in line with the corresponding Regional Directorate of Employment, during the month indicated in the grant decision. Also, the support team carry out a follow-up of the companies by visiting them and addressing their possible requirements, both during the programme, and also after it has ended.

The function of the integral employment plans during the present economic crisis is to establish some core activities and measures to improve the effectiveness of the active employment policy and to cope with the effects that the present economic situation has on employment. This will be achieved by ideally directing the project and the actions towards workers who have difficulty entering the labour market and towards the unemployed who are from industries that have suffered most as a result of the crisis. Besides that, it is important to strengthen the measures aimed at the outplacement of the workers affected by industrial restructuring processes, within the framework of integral plans and labour itineraries.

Integral employment plans are implemented after restructuring takes place:



Integral employment programmes are implemented after the implementation period of the restructuring process, since the focus is on unemployed workers that have lost their jobs because of the restructuring process.

Integral employment plans have been offered more since the crisis and the call for proposals has changed, since the target group now consists of unemployed workers from industries that have suffered most as a result of the crisis. Also, the objective of insertion has been reduced and inserted workers do not now need to have a specific contract to be part of the inserted unemployed workers.

In cases of redundancies, mechanisms could be complemented along with other measures established in the collective agreements which, in Spain, have a functional and territorial hierarchy and must be observed by both the representatives of the workers and the company.

This instrument could be an argument about the social plan when the works council and the company are negotiating the subsidies for the redundant workers.

Integral employment plans can be offered by the PES of the corresponding autonomous region.

8.13.2 Implementation method

This tool is not mandatory, since every autonomous region receives an amount of money from the State which the regions can use for whatever they consider necessary in the area of employment and training.

The Ministry of Economy and Employment of an autonomous region publishes an autonomous Order which regulates and calls for subsidies for the implementation of integral employment plans for the outplacement of workers affected by industrial restructuring processes.

Actor(s) responsible for the implementation and the main actors involved:

- sponsoring bodies that request for the subsidy; business organisations from the economic industry where the redundancies take place; local governments; entities that depend on or are related to a local government in the same region; non-profit organisations which accredit experience gained through outplacement programmes;
- the entity that provides the subsidy; European Social Fund; the corresponding Ministry of Economy and Employment through the local PES;
- entities that employ an unemployed participant; individuals, public and private entities which employ the unemployed participants under the integral employment plan, to develop his/her work activity.

8.13.3 Success factors

The success factors require these prerequisites for the tool:

- the objective of insertion is that at least 50% of the jobseekers from the affected company attend the programme;
- 100% of the beneficiaries must be recipients of unemployment benefits or subsidies;
- the bodies that employ an unemployed participant will receive a bonus i.e. a special incentive for these companies of EUR 8 000 for each open-ended full-time contract, EUR 3 000 for full-time contracts of six months, and EUR 1 500 for a three-month

- contract;
- the target group consists of workers made redundant from mass lay-offs.

It has been noted that an accurate programme with focused activities on each collective of unemployed people and a programme with an average of one-year duration, gives the most effective results for reintegration.

The PES provides a list of the redundant workers eligible to participate in the plan, either from one or two companies, or from a whole group of companies suffering mass lay-offs and who are included in the Order.

Participants are not obliged to accept the job they may be offered under the programme and a participant who does get a job with an open-ended contract during the programme, and then loses the job six months after their programme ends, will not be counted as achieving the objective of integration. If the participant does not remain working in a specified company until six months after the programme ends, company must refund money.

8.13.4 Drawbacks, limitations and typical costs

The main criticisms and limitations of the tool are:

- there is little time to develop and to implement the whole plan;
- there is little awareness amongst the unemployed of the existence of these types of measures; despite the framework for the programme being the same. There is no continuity of the work of the lead organisation;
- the only people who can benefit from these types of plans are unemployed people who have lost their jobs through mass redundancies. People who are unemployed for other reasons cannot benefit from these measures.

The integral employment plans for the outplacement of unemployed workers caused by restructuring processes are financed by regional governments with the co-financing of the European Social Fund.

The PES establishes the maximum aid for each sponsoring activity, depending on the number of people attending and the objectives of insertion. The financing can never be more than EUR 1 100 per attending person and EUR 5 400 per attended and inserted person into the labour market. Taking into account these two parameters, one can never receive more than EUR 2 400 on average per unemployed participant on the programme.

8.13.5 Example

8.13.6 Bibliography

Links with descriptions and/or news items of Integral Employment Plans:

Internet:

http://translate.google.es/translate?u=http%3A%2F%2Fwww.valencia.es%2Fayuntamiento%2Fempleo.nsf%2FvDocumentosTituloAux%2F701390F12E793519C12572FE003DA1DE%3FOpenDocument%26bdOrigen%3Dayuntamiento%252Fempleo.nsf%26idapoyo%3D%26lang%3D1%26nivel%3D6_1&sl=es&tl=en&hl=es&ie=UTF-8

Internet:

<http://translate.google.es/translate?u=http%3A%2F%2Fformacionelche.com%2FNoticias%2F54%2Fplanes-integrales-de-empleo&sl=es&tl=en&hl=es&ie=UTF-8>

<http://translate.google.es/translate?u=http%3A%2F%2Fwww.camaraalcoy.net%2Fnoticias%2Fvisor.asp%3FidNoticia%3D879&sl=es&tl=en&hl=es&ie=UTF-8>

Fiche summary:

INTEGRAL EMPLOYMENT PLANS	
Who is in charge to set up the tool or mechanism at local level?	The Ministry of Economy and Employment of the corresponding autonomous region.
With the help of whom?	The Ministry of Economy and Employment of the autonomous region publishes the Order which regulates and calls for subsidiaries to implement Integral Employment Programmes, through the local PES
What helps its implementation?	The PES provides the autonomous region with a list of possible participants who can participate in the plan, coming from one or two companies, or from a whole group of companies that has suffered mass lay-offs.
What problems are there for its implementation?	<ul style="list-style-type: none">• time; lack of time to develop a plan;• there is no obligation for the participants to accept a job, which can affect the results of labour insertion;• the incentives for companies to employ a participant are not enough;• little knowledge of the existence of these types of measures amongst unemployed people;• there is no continuity of the work of the sponsoring activities, since the entity has to submit the request for every proposal, even though it is still under the same programme.

8.14 Austria - Labour Foundations (*Arbeitsstiftungen*)

By Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.14.1 Presentation

Labour foundations ('*Arbeitsstiftungen*') are instruments that have been used successfully in Austria for almost 20 years for deploying 'surplus' labour potential in a flexible and meaningful way. They also aim to develop solutions for regional structural change and labour market adjustments. The foundations are used when there is a threat of redundancies (outplacement foundations) or when particular staffing bottlenecks occur (in-placement foundations). The aim is the development and implementation of individualised (re)integration processes by offering a broad package of supportive measures in the field of professional guidance, vocational training and further qualifications as well as secondary and academic education.

The instrument is based on initiatives of the Austrian trade unions, was first used in the framework of the *VOEST-Alpine Steel Foundation* (1987). Positive experiences with this scheme led to its spread throughout Austria and are regarded as the most important instruments for reacting to large scale redundancies in Austria.

The nature of the foundations has further evolved over the years; Austria's accession to the EU in 1995 brought with it a need for adjustments in economic structures, and this was accompanied by workforce reductions within larger enterprises. To cushion the effects of EU entry, and of structural change in the food and haulage sectors, the social partners took initiatives leading to the creation in 1995, after a brief preparatory period, of the two sectoral foundations *AUFLEB* in the food sector ('*Ausbildungs- und Unterstützungsverein für Arbeitslose in der Lebensmittelbranche*') and *AUSPED* in the road transport sector ('*Ausbildungs- und Unterstützungsverein Spedition*'). These were active across the whole of Austria, and until October 1996, 2 600 people took part in them.

In 2005, 1 800 people were supported by outplacement foundations, while 4 900 were approved for participation in a placement foundation (Holzer 2006). In 2006, 45 such in-placement foundations existed throughout Austria. The clear increase in this field (2 100 people more than in the previous year) is, in particular, attributable to training in the health and care sectors. A labour foundation contains a range of instruments, the concentrated use of which can produce synergies in the promotion of employment. Central elements within the labour foundations are career guidance, various training measures (qualification), active job searches, work experience programmes and (in the case of outplacement foundations) assistance with business start-ups. This comprehensive approach by the labour foundations, through the use of combined packages of measures, has proved particularly effective. Setting up a labour foundation entails cooperation and financing by a very diverse group of actors at different levels.

As a response to the 2008 economic crisis, the regulations of labour foundations have been reformed in order to extend the scope of application, in particular in order to also cover smaller companies (e.g. by lowering the threshold of the minimum number of participants) or certain types of employees (e.g. some foundations are now open for agency workers who are facing redundancy).

8.14.2 Implementation method

Participation in the labour foundations is voluntary; employees may choose to claim other AMS (active market services) and/or draw unemployment benefit. For those who do opt for participation in the foundation, the first step after admission is a six-week orientation period. The latter enables the employees to cope with job loss and to develop a new perspective on future occupational/professional goals. Depending on their plans, participants may then choose from a variety of options, such as active job search, basic and advanced training in a new or the former occupation (including initial vocational training, secondary or academic education) or launching a new enterprise. Each participant has the chance to draw up an individual integrated training and counseling package. The foundation funding period may last for up to four years.

8.14.3 Success factors

The financial sources of labour foundations are clearly based on the principles of shared responsibilities and solidarity; co-financing may contribute to the enterprise (e.g. provision of offices and technical equipment), the participants themselves (disclaim of severance payments), workers still employed by the enterprise (solidarity contributions), and public funding (AMS, regions, local authorities). The precondition in any case is that participants are entitled to receive unemployment benefits ('foundation unemployment benefit'-'*Stiftungsarbeitslosengeld*') which may be extended in relation to participation in the foundation. The average length of participation of trainees in labour foundations is around ten months.

8.14.4 Drawbacks, limitations and typical costs

The different sources of financing and average financing rates of labour foundations are illustrated by the example of the insolvency foundation of the region of Tyrol ('*Arbeitsstiftung Tirol*') where three sources of co-financing exist; participating/cooperating companies in the region contribute a fee per head of EUR 5 000 (EUR 4 000 in the case of small companies) per participant on an annual basis. Public co-financing for training measures and participants' living costs is provided by the regional AMS labour market service and the regional authority of Tyrol. On this basis a maximum of EUR 7 000 is available per participant per year for training and qualification measures. Living costs are covered by foundation unemployment benefit of around EUR 580 per month (EUR 8 715 per year).

8.14.5 Example

The WAFF ('*Wiener ArbeitnehmerInnen Förderungsfonds*'), established in 1995, was the first institution of active employment policy which was created by an Austrian province. Activities of the WAFF are primarily funded by the Municipality of Vienna and developed on the basis of a close cooperation of all key actors in the field of labour

market policy; apart from the Vienna Municipality, the regional trade union federation ÖGB, the Vienna Chamber of Labour, the Economic Chamber WKÖ, the Federation of Industry and the Vienna labour market service AMS are all represented on the WAFF board. As the main instrument of active labour market policy the WAFF focuses on:

- improving the opportunities for employees in Vienna to develop their careers by continuing training and education;
- removing disadvantages in the labour market and supporting equal opportunities for women and men;
- strengthening Vienna's appeal as a business location.

The work programme for 2008, which has been approved by a board of trustees, aims at improving the labour market situation for more than 20 000 people in Vienna and support for more than 800 local enterprises mainly in three target areas:

1. practical support for nearly 10 000 unemployed people in close cooperation with the Vienna AMS;
2. support measures in the field of qualification and further training by counseling, information and financial resources for around 13 400 people
3. support for individual enterprises in the context of recruiting qualified staff and further training measures for employees.

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8.15 Germany - Employment Transfer Companies (*Transfergesellschaften*)

Writer: Eckhard Voss (Wilke, Maack und Partner)

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.15.1 Presentation

The main aim of German employment transfer companies (*Transfergesellschaften*) is to prevent immediate unemployment and job losses in cases of redundancies due to economic reasons. Instead of becoming unemployed, the worker will be 'transferred' to an external company specially established for this purpose and will be offered a bridge for a certain period in order to find a new job. Employees in transfer companies will receive financial aid from the former employer and the federal labour market agency as well as support in form of vocational training and guidance.

Originally, transfer companies were rooted in the large scale restructuring processes in the context of privatisation in East Germany after reunification at the beginning of the 1990s. A large number of 'employment companies' (*Beschäftigungsgesellschaften*) were established as a main instrument to tackle unemployment in the eastern German regions. These companies functioned as a PES reflecting the massive labour market problems in eastern Germany. Due to strong pressure from trade unions in particular, the idea of employment companies was reinvented throughout Germany as a reaction to restructuring in the context of firms' closure, relocation and privatisation of public services. However, the term was changed into 'transfer', stressing the idea of transition and/or bridge from one job to another.

This intention is especially supported by the German unions, seeking labour market policies which secure employees from immediate job losses in cases of structural economic problems in the companies. Furthermore this instrument was favoured because workers were not simply made redundant with severance payment but were provided with qualifications to facilitate their reintegration into the labour market. Additionally the former employer could not simply distance themselves from the process as they still had a responsibility for the employees to some extent, at least in a financial respect. Also in the current economic crisis, employment transfer companies play an important role in avoiding redundancies in the cases of company closures or closure of part of a company.

8.15.2 Implementation method

Employment transfer companies are not legally mandatory but derive from collective agreements between the social partners i.e. management and the employee representation body (normally supported by the trade union) at the company level. In its current shape employment transfer companies were established in 2004 within a general reform of German labour market policy, the 'Hartz Reforms'. However, the scheme has already been in existence since the 1998 Employment Promotion Act

('Arbeitsförderungsgesetz'), which was financed through the German short-time work benefits funds, firstly the 'structural short-time works funds' ('Strukturkurzarbeitergeld') and from 2004 through the 'transfer short-time work benefit' ('Transferkurzarbeitergeld') with the German PES. It should be noted that the German labour market policies distinguished between short-time work due to cyclical reasons (regular short-time work) and short-time work caused by structural reasons. The concerned transition schemes only relate to the latter and legally rest upon §216 a/b of the German Social Security Code.

An important aspect of the transfer companies is their direct links to social dialogue and collective bargaining at company level; in cases of collective redundancies and the duty of the employer to negotiate with employees' representatives about the employment effects and accompanying measures to cushion these effects, 'social plan measures' ('Sozialplanmaßnahmen') are normally negotiated by the social partners at company level. Beside agreements on severance payments ('golden handshake') and in the cases of larger numbers of employees affected, 'transfer companies' are created in order to support the transition/transfer into a new job.

8.15.3 Success factors

8.15.4 Drawbacks, limitations and typical costs

In most cases transfer companies are created outside the affected company as an independent business entity. These external companies are specialised in further training and reconversion and work together with the local authorities and the affected company. The legal form of the respective transition company is developed in close cooperation between representatives of both the company and the employees and under the assistance of the local labour agency. They agree on the conditions for a social plan which determinates the concrete conditions regarding financing, provided training possibilities, reporting and the duration of the transition company.

Affected employees are transferred into the new company for a maximum one year with the aim to find a new job. During this period most employees have the opportunity to receive financial help through short-time work benefits ('transfer short-time work benefit'). With the replacement of the former instruments regarding structural short-time working, the related financing modalities changed too. The previous legislation anticipates only an 'adequate' involvement of the employer, while under the new legislation since 2004 the local labour agencies only provide a grant of 50% for the expenditures of necessary transition measures and a maximum of EUR 2 500 per employee participating in such measures. Further expenditures have to be met by the employer.

One pivotal element of employment transfer companies is the limited financial losses for the affected employees while taking part in such transition measures. By granting short-time work benefits for a maximum of 12 months, employees receive 67% of their former net wage if they have children and 60% if they are childless. Often these compensations are topped-up by the employer almost up to the level of the former salary. Such additional funds are normally agreed in the social plan. Public expenditure for the labour agencies has decreased steadily in recent years; in 2005, total expenditures for 'regular' short-time work accounted for around EUR 220 million, the latest figures for 2008 reports expenditures amounting to around EUR 131 million.

Beside financial compensation the qualification measures provided are a key aspect of transition companies. The funding of these training measures is supported by a joint programme of the European Social Fund and the German Federal Labour Agency ('*Bundesagentur für Arbeit*'). Thus the transition company decides in cooperation with the local labour agency which training measures are appropriate for each employee. Nevertheless latest research shows that the use of this funding method is only used cautiously by the contracting parties. Reasons for this can be traced to the additional bureaucratic efforts and the preconditions for grants demanded by the labour agencies.

These burdens also affect the use of this instrument regarding the company size; transition companies have little relevance for SMEs due to the bureaucratic and financial expenditures. Hence most companies using transition companies in cases of redundancies have a workforce of more than 60 employees. This is a major reason for trade unions demanding an improvement of the scheme, in particular by developing employment transfer mechanisms at sectoral level.

8.15.5 Example

Prominent examples of employment transfer companies established in the context of large scale restructuring and workforce reductions are *Siemens*, *AEG*, *Opel*, *Nokia* or the German firm *Telekom*; one of the biggest ever employment transfer companies in Germany - in 2003, after negotiations with the trade unions, the transfer company '*Vivento*' was established which employed around 16 500 employees who were no longer needed in the German *Telekom* company.

At first glance, transition companies seem mostly advantageous for employees; immediate unemployment is avoided and the affected worker receives the opportunity to prepare for and seek a new job in a certain period of transition. Affected employees further receive professional help regarding their job search and can use their release from work proactively. Also, the workers are confronted either without any, or with only marginal, financial losses during the transition measures.

Nevertheless transition companies also have some advantages for employers too; transition companies create clear responsibilities for all participants with calculable costs for the employer and a clear, reliable legal framework that avoids conflicts and/or legal disputes about social plans or redundancy payment packages. In this respect the secured transfer of former employees to new employment, minimises the potential damage to the company's public image usually associated with mass redundancies. In addition, transfer companies are flexible instruments, which can be adjusted to every scenario and the company situation.

Due to insufficient data, a general evaluation of this scheme is not easy to carry out. Exact figures about the number of transition companies and workers supported are missing since the public data only reflects those numbers receiving support from the short-time work funds. Furthermore, there is minimal data on the type of measures implemented or success indicators, such as placement figures.

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8.16 Belgium - Outplacement and employment cells in Flanders

By Valeria Pulignano

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.16.1 Presentation

The preventive company policy programme in the Flanders region in Belgium is a broad programme containing employment and reemployment measures to promote and facilitate transitions into the labour market. Most of these measures are implemented in order to establish work-to-work solutions in situation of collective redundancies (i.e. outplacement trajectory and employment cells). Further, a number of measures try to protect people during a lay-off situation, by means of a term of notice and financial compensations (Law 3 July 1998 which lays out the notice periods for redundancies).

Enterprises with at least 20 employees announcing a collective redundancy are obliged to create an employment cell. Temporary workers (minimum work duration of one year), made redundant in restructuring, are also allowed to participate in the employment cell. Outplacement is defined in Flanders as a cluster of supportive services and recommendations carried out by a third party (the outplacement office or *outplacementkantoren*), paid for by the employer and offered to an individual or group, in order to enable the redundant employee, or the employee at risk of redundancy in cases of restructuring, to find a job as soon as possible with a new employer or to develop a new career as self-employed worker.

Although outplacement is, strictly speaking, designed for redundant employees or employees at risk of redundancy and hence mostly of a remedial nature, an increasing number of outplacement agencies are developing initiatives to give 'in-service' career guidance and to develop coaching to individuals or groups in a way that prevents people from redundancy, mainly by increasing their chances to participate in training and education and thus to develop necessary competences. These support schemes are therefore rather of a preventive nature. Companies can request in-placement from outplacement agencies for the benefit of the employees moving to different jobs within the same company.

Three parties are involved in outplacement:

1. the redundant employee (or the employee at risk of redundancy);
2. the employer;
3. the outplacement office.

Where companies are in the process of being restructured, the outplacement decision is taken within the framework of a social plan, which is negotiated by employers and employee representatives. Employees who cannot appeal to specific provisions because of the insolvency of the employer, can receive help from the Flemish Government Outplacement Fund '*Herplaatsingsfonds*'. This fund was started by the Flemish

Government in order to guarantee equal treatment at the level of professional integration in case of company bankruptcy. The assistance given by outplacement agencies to redundant employees in cases of restructuring, both when organised individually or collectively, contains three elements:

1. emotional support for the redundant employee who receives counselling to cope with the redundancy;
2. logistical support with the search for a new job which covers secretarial work (e.g. typing or passing on messages,; the use of an office space with phone, fax and modern facilities; the use of a photocopier; a reading room where papers and specialised press item can be consulted, as well as trade journals and database);
3. personal support from a consultant, who will guide the job seeker through the various stages in the search for a new job.

The most important elements of the outplacement programme consist of the following three steps:

1. an assessment of the job seeker's strengths and weaknesses (e.g. leadership skills, communication skills). The assessment is based on the candidate's past, expectations for the future, preferences and interests. As a result, a career plan can be mapped out;
2. an approach to the job market - jobs are selected in keeping with the career plan mapped out at the previous stage; potential employers are approached and a communication strategy is designed to that effect (e.g. training in interview techniques, telephone manners);
3. evaluation of job offers, help with negotiating working conditions with employers, and support during the placement and integration into the new work environment.

A graphical illustration of the position that outplacement and employment cells have with regards to the restructuring process is the following:

Before	During	After
Permanent actions and certainly prior to the announcement of lay-offs	Announcement and the following information and consultation	Implementation period

8.16.2 Implementation method

The implementation of outplacement in Flanders is structurally sustained by the existence of 'employment cells'. They represent the active tool to accompany the transition to another job for employees who are in outplacement. From March 2009 companies with at least 20 employees are legally obliged to establish 'employment cells' (*tewerkstellingscel*) in situations of collective redundancies. Since 2002, outplacement is a right in cases of employees aged 45 years and above. The 'employment cell' can be defined as a cooperative team whose function and aim is to implement outplacement activities in situations of restructuring and to follow them up.

The creation of 'employment cells' is compulsory in two cases:

1. if, because of the collective redundancy, it is necessary to ask for early retirement;
2. if the social partners jointly ask for it in accordance with the procedure established by the 2004 Royal Decree.

In Flanders it is the regional Minister of Labour who has responsibility to verify and declare the status of restructuring of the company. When a company is formally declared in status of restructuring the redundant employees have the possibility to register themselves in the 'employment cells'. The trade unions and their employees' representatives play a crucial role in signposting the redundant employees towards registration to an employment cell. However, the main responsibility remains with the employer. A plan is then made to coach the employees who are in outplacement to find a new job. In this respect VDAB (The Flemish Public Employment Service or *Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding*) plays the role of the *Social Interventie Advisor* (Social Advisor or SIA) and therefore it is responsible for the organisation, the coordination and the monitoring of each cell. As such a dossier is kept in each cell in order to monitor and evaluate the work done.

Outplacement in Flanders is regulated through collective agreement (*Collectieve arbeidsovereenkomsten* or CAOs) 51 (1992); CAO 82 (2002) and CAO 82 bis (2007) at the inter-professional level. CAO 51 specifies the services that an outplacement office can offer such as, psychological support, help and substantial accompaniment in seeking for new jobs, logistical, and administrative support. Moreover, in the agreement it is stated that the outplacement office cannot interfere in the communication between the employee and the potential employer but it can be used as a mediator for the recruitment and the selection of the employee. The agreement also states that the outplacement office is legally obliged to accompany the redundant employee for a further period of two years in case (s)he could not find a job. It also establishes the duration of the outplacement at 60 hours (split into three phases of 20 hours each) for a maximum of one year. The social partners have decisional power with regard to which guidance to offer to the employees under the outplacement status (e.g. the features of the training programme to follow with regards to content, hours, individual or collective group). More specifically, the actors involved in the activities of an employment cell are; VDAB, the employer, the employees' representatives, the outplacement office, eventual sectoral education funds and the '*Herplaatsingsfonds*'.

8.16.3 Success factors

Outplacement and employment cells are foreseen only in situations of individual or collective redundancy. The Royal Decree 16 July 2004 promotes the employment of employees made redundant as part of restructuring operations. It offers a reduction of social security contributions for both the employers and employees which significantly contributes to lowering the threshold for potential employers to employ laid-off workers and therefore positively favours the implementation of the outplacement trajectory. For successful outplacement (leading to a job) the outplacement costs are reimbursed at a higher rate.

Outplacement is a way of organising a career, namely a specific approach which allows the employee to leave the company in better circumstances. Outplacement is suitable in periods of recession or situations of company restructuring.

Some factors which have favoured the more recent implementation of outplacement in situations of restructuring in Flanders are:

1. the legislative setting regulating outplacement in Flanders (see the compulsory nature of outplacement for employees aged 45 and over;
2. the creation of the '*Herplaatsingsfonds*' in situations of insolvent companies. When companies go bankrupt, older employees are usually the main victims. To prevent the outflow of workers – both young and old – from the labour market the '*Herplaatsingsfonds*' has been created. By subsidising the outplacement of employees in case of bankruptcies, the fund aims to prevent unemployment, which is a valuable strategy for promoting active ageing. However, early retirement in case of restructuring can be foreseen. Depending on the economic factors (number of employees affected by the restructuring, cash-drain) and the seniority of the employees, employees can retire before the age of 60 (even 50) although they have to be available for the labour market. This is only applicable when a collective agreement regarding early retirement in case of restructuring is approved by the Minister of Labour;
3. the employer is obliged (with the payment of EUR 1 800 to the RVA or *Rijksdienst voor arbeidsvoorziening*) to foresee career guidance to the redundant employees. Outplacement is used more readily when maximum employment is put forward as a priority from the managers as well as from the trade unions.

8.16.4 Drawbacks, limitations and typical costs

Collective outplacement (or group outplacement) is mostly designed for a group of employees made collectively redundant through company liquidation, or in the case of a large restructuring programme. Group outplacement differs from individual outplacement (when redundancy involves one person). The former is most likely to be carried out over a limited period of time. Individual outplacement is less time restricted and the outplacement agencies offer a guarantee; they will resume their task if the employee loses the new job within a set time (usually one year). Group outplacement on the other hand, is subject to time constraints.

The training component as part of the employment cell's operations offers a wealth of new opportunities to workers who have been made redundant. As such, alongside occupational skills, training courses should equally focus on social and interpersonal skills. The cost of training and counselling for the employee in outplacement is covered by the employer who receives compensation. Outplacement measures are seen as being applicable to workers in the private sector. This reflects the traditional Belgian division with regard to the regulatory system between workers and employees in the private and public sectors.

8.16.5 Example

To manage the restructuring at the *Ford Genk* plant which was announced in September 2003, an employment cell system was created in order to provide a career coaching approach to the employees who were made redundant or who were under the threat of redundancy.

In particular during the period 2003-2006 this cell was responsible for coaching

employees who had been made redundant in their search for a new job. The total number of redundancies announced was 3 141. Of these employees 1 215 (or 81%) found a solution through outplacement coaching (this was claimed as positive, taking into consideration adverse economic conditions and the fact that opportunities for reemployment were more restricted in Limburg than in other provinces); 1 501 equates to the total number of outplacement scheme registrations i.e. the number of employees who registered with *Ascento* - the agency which coordinated the employment cell activities; 74.2% of employees managed to find work whilst 6.8% (96 employees) decided to take some form of retirement or to invest in long-term vocational training courses.

The employment cell at *Ford Genk* and subcontractors was designed to bring an integrated and customised, tailored approach aimed at offering the redundant workers a total service package within the framework of the social plan. The principal goal was to find long-term solutions for candidates as quickly as possible in a way that met with the satisfaction of the candidates. To accomplish this, the employment cell provided support in a variety of different areas; emotional support, individual screening, job application training, customised, tailored and intensive coaching, practical support, training opportunities as part of the employment schemes, offering concrete vacancies and contracts with potential employers as well as social-legal advice.

The two-year term of operation of the employment cell can be roughly divided into two phases:

1. initially, efforts concentrated on providing the workers who had been made redundant with information on their rights and duties as unemployed, through to the opportunities offered by the employment cell. This information was provided by the employment cell, the VDAB as well as the RVA;
2. the second phase involved the actual career coaching efforts, which were offered collectively as well as on an individual level. Amongst the other things, the collective component included emotional support, job application training courses, working on people's sense of confidence. In due course this collective approach was increasingly complemented with individual sessions, culminating in specific actions plans being devised for each candidate which were duly followed up.

The concrete results of the employment cell can be summarised as such; of those people who are back in work, just under half (45%) have employment contracts of an indefinite duration; 19% are working under fixed-term contracts, whereas 27% are back in jobs as temporary workers for a longer term. A small group of 4% embarked on self-employment. The employees who were laid off have taken up jobs in a wide range of sectors of industry; 32% stayed on to work in the metal industry; the remaining 68% found work in the construction industry, the transport industry (9%), the distribution industry and government (7%); the food industry (5%); social profit sector (35%) and 2% went to work in the hotels, restaurant and bar trade.

The channels which have enabled those taking part in the outplacement scheme to find new jobs are quite diverse; voluntary applications, the VDAB, job adverts and job sites. The bulk of the jobseekers chose day-time jobs whereas most of them had previously worked in shift systems; only 1 in 3 started new jobs working again in shifts. In terms of earnings, it is noted that the majority of workers (81%) worked for lower wages with 14% remaining more or less on the same level of pay and 5% currently earning more

than they did previously.

With regards to age, no notable differences exist up to the age of 40. What is clear is that from the age of 40, people find it harder to get back into work. Lessons which can be learnt from this case are:

1. the positive contribution made by the Royal Decree 2004 to recognise amongst the other things the importance of the employment cell in case of redundancy. Another positive effect was played by the favourable collaboration by the social partners which helped the effective functioning of the cell and the delivery of the positive results;
2. the negative impact that psychological or physical factors had on preventing people from getting back to work. This was reinforced by other factors such as; the absence of any real financial compulsion to seek a new challenge; cultural factors (because of the cultural background for example for some people it was not very easy to accept the coaching offer which makes more difficult for them to find a new employment); the comparatively negative image of the *Ford* workers at the start of the employment cell's operations, which may have frightened off some employers.

Other negative lessons learned are; the social plan including existing unemployment benefits which originally aimed at providing a safety net for the workers who were made redundant. However, ultimately, the social plan made it financially less rewarding for people to get back into work.

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8.17 Belgium - Reconversion units in Wallonia

By Aline Bingen

Before		During	After
Permanent Actions	Prior to the announcement of layoffs	Announcement following information and consultation/negotiation process	Implementation period

8.17.1 Presentation

A 'reconversion unit' is a support follow-up mechanism for workers affected by collective lay-offs in the Walloon Region. This mechanism has been in existence for over thirty years and was originally created through negotiations between companies and trade unions, in collaboration with the PES and vocational training services. Since that time, the management of the mechanism by a partnership of trade union organisations and public employment services gradually became systemised, and was finally institutionalised by a regional legislative act in 2004.

In practical terms, this support follow-up mechanism is structured around 'permanent reconversion platforms' which cover the whole of the Walloon area (10 platforms for the whole of the region). Each of these platforms acts as an umbrella for the 'reconversion units' specific to collective lay-offs (for example the VW unit, the *Carrefour* unit).

A reconversion unit is formed for a specific case of collective lay-off when a minimum of 100 workers are affected. Forming a specific reconversion unit enables particular material and HR to be obtained (hiring of two of the business company's ex trade union delegates; 'social support providers,' and two advisors from the PES for each 'batch' of 100 workers). In other cases (collective lay-offs of less than a 100 workers), the sacked workers are taken in hand by the resources (human and logistic) attributed to the permanent platform of the region in question and an additional budget is granted for training programmes which have to be paid for and for travel expenses (*see below*).

The 'reconversion unit' lasts for one year (or a maximum of two years) and individual and collective services are offered for five days out of seven. The services offered take the form of either collective or individual activities. The complete range of activities has the overall goal of aiding people in their attempts to reintegrate into the labour market. One of the specific features of the Walloon model is to encourage laid-off workers to register for training programmes⁶⁴.

The Walloon mechanism thus distinguishes itself from measures taken in the Brussels region and the Flemish region, mainly by the intervention of public rather than private operators (outplacement agencies) and by the methods by which it provides structured support (*see below*).

Its function in the restructuring process is to manage the social responsibilities of restructuring, closures and bankruptcies.

The way in which it is usually combined with the restructuring process

⁶⁴ Anny Poncin file: 'Professional intervention models and practices for the reconversion of workers'

Initially, putting the Walloon mechanism in place did not interfere with the social negotiation specific to the collective lay-off. The mechanism was set up when trade union organisations asked for this to be done by the regional PES once the negotiations relating to the collective lay-off had ended. These negotiations essentially focused on the total sum of legal and extra-legal compensation to be allocated to the laid-off workers.

When the new federal legislation came into force, relating to 'restructuring management' (legislative acts of December 2005 and April 2009) there were repercussions on the restructuring process in the Walloon region. Representatives began discussions *during* the period following the announcement of the intention to proceed to collective lay-offs. This is known as the '*Renault*' process; providing information, consultations and negotiations at the social level, in the knowledge that the two processes - process of discussion on the intention to proceed to collective lay-offs and a process of discussion on reconversion unit - can, according to the particular case, be linked and thus brought to a close at the same time or that they can succeed one another over time.⁶⁵

New measures have been worked out at federal level to provide a framework for businesses companies resorting to lowering the age of the bridging pension (known as an 'early retirement pension') to 50, 52 or 55 in the case of collective lay-offs and to make it compulsory for support follow-up mechanisms to be put in place for all of workers made redundant (regardless of their age). This process requires, on the part of the business companies, the approval of the federal authorities, which is to be given after the social negotiations have been brought to a conclusion. In particular, they must provide proof that support follow-up measures have been arranged and endorsed by the regional Employment Minister. Note therefore that the negotiations on support follow-up measures thus take place during the negotiating period and no longer after it, as had been the case in the Walloon region until the federal measures were applied.

Innovation or enhancement triggered by the crisis

The modification of the regional decree in April 2009 introduced a temporary measure which aimed at responding to the difficulties encountered due to 'the crisis.' From the decree coming into force and up until 31 December 2010, workers with fixed-term contracts who do not see their contracts renewed for economic reasons or for reasons of economic restructuring can benefit from the services offered by the permanent platforms, and they can do so without belonging to a specific reconversion unit.

Moreover, to confront the factor of an increase of small scale redundancies (less than 100 workers) which, according to the criteria of the legislative act, would not give rise to having access to a 'reconversion unit' and thus the specific human resources of providing the workers with structured support, the Walloon government has given trade union organisations a subsidy to hire six 'permanent social support providers' (ex-union delegates) in order to strengthen the means of framing structured support.

8.17.2 Implementation method

Is the tool mandatory and if so does it derive from law, agreement or custom?

According to the legislation, federal provisions have been enacted in order to allow each worker to benefit from a support follow-up process in the case of collective redundancy. It is nonetheless necessary to specify that the participation of a sacked worker in a

⁶⁵ Judgements of the European Union Court of Justice concerning the interpretation of Directive 98/59/EC related to collective redundancies and notably the Junk Judgement of 27 January, 2005, C 188/03.

reclassification programme has been made quasi compulsory and a refusal to participate is, at present, liable to being sanctioned (losing the right to unemployment benefit). These obligations involve the worker participating in a reclassification programme lasting for a minimum of three months for laid-off workers aged less than 45 and of six months for redundant workers aged 45 or over (notably the candidates for an 'early retirement pension'). The compulsory nature of the measure has drastically disturbed regional practices which anticipated a support follow-up structure put into practice on a voluntary basis.

Employers for their part must devote a part of the budget to the social aspects of collective redundancies (social programme) to finance support follow-up measures.

The Walloon government decree of 29 January, 2004, related to providing reconversions with structured support has been modified by the decree of 30 April, 2009. These modifications mainly involved expanding the decree's field of application (the laid-off workers and the collective redundancies concerned).

The application of the federal measures (obligatory character of support follow-up, putting into place a management structure for setting up the support follow-up process (see point below) for its part came into force on 31 March, 2006 (Federal government decree relating to the active management of restructurings).

Actors responsible for its implementation

A reconversion unit can be set up, at the request of trade union organisations, for the duration of one year. A support follow-up committee is formed to oversee putting into practice the concrete support follow-up measures and to analyse, every two months, how far the latter have progressed. It brings together:

- the sector's trade union representatives;
- the business company undergoing restructuring, or the federal public employers' sector to which it belongs;
- the sector's training actors;
- the public employment service.

In operational terms, the support follow-up of workers is the responsibility of a mixed team of PES advisors for professional structured support and 'social support providers' (ex-trade union delegates at the business company recruited for a year by the public employment service). Private consultants from outplacement agencies also take part if this has been planned during the negotiations.

In effect, since 2006, by introducing the obligatory recourse to support follow-up processes, the new federal measures have encouraged the positioning of private operators on the 'market' for the support follow-up of laid-off workers who have low levels of initial training and have thus fostered competition between public and private operators. When employers make a particular request, private operators can take responsibility for a part of the support follow-up activities. The new Walloon decree, which dates from April 2009, aims in particular at better defining the framework in which the different operators intervene, and to thus avoid this competition being put in place.

8.17.3 Success factors

Reconversion units offer very interesting results, in terms of insertion in training as much as insertion in employment (see 8.17.5 below). This success rests in part on a support follow-up method which has been built up over 30 years, and in part on the complementary nature between interveners/actors in the support follow-up process. The social support provider (ex- union delegate), who is also originally from the same business company, knows the skills of his ex-colleagues who have been made redundant as well as their social realities. The PES advisors for their part understand the job market and its environment.

Another characteristic element for the effective running of the mechanism is the network of partners who have succeeded in knitting together the actors involved in reconversion units over the course of time. These partners belong to different fields of application; training, job creation aid, improving literacy skills, information on social regulation and employment law. The presence of permanent trade union employees in the reconversion units' support follow-up orientation committees and enables, if need be, the tracking down of certain insertion sectors for the workers i.e. hidden jobs, expanding sectors.

Finally, despite the obligations introduced by federal legislation, the reconversion units have succeeded in maintaining an easy-going and convivial working atmosphere. The worker who goes to the unit is invited to take part in activities contributing to their (re)integration, but (s)he is also allowed to drop in to see his ex colleagues. The fact that the working collective is made durable over time constitutes, according to qualitative research which has been carried out, an important element in completing the mourning process for the loss of the job. This conviviality allows isolation and self withdrawal to be avoided in numerous cases; aspects which can be destructive for workers who have been made redundant. These open and free spaces are, furthermore, often the theatre for the exchange of very useful 'tips' in looking for work or for training programmes.

8.17.4 Drawbacks, limitations and typical costs

The federal measures had the goals of reducing the number of people using the bridging pension (known as an 'early retirement pension') and increasing the employment rates of workers aged over 50 who have been made redundant. Nonetheless, a statistical analysis carried out by the Walloon section of the FGTB (the General Federation of Belgian Labour, a trade union organisation) on the evolution of workers whose early retirement has been brought forward and on the evolution of the results of job insertion for those aged over 50 attests that, since the federal reforms (and the aspect of making support follow-up compulsory), resorting to an early retirement pension has increased and that the job insertion rates have on average lowered.

Furthermore, in a context of a shortage of available jobs, the population who are in the majority affected by this mechanism (around 75% of the manual workers who often have poor qualification levels) have difficulties in meeting the demands of employers and have more need for pre-training programmes. This extends the period of support follow-up necessary to return to a long-term quality job.

Who is excluded from it?

The problem of sub-contractors

If the ruling on the Walloon decree's law stipulates that, in its Article 4, that:

“The Employment Minister is authorised to top up the list of people who will be provided with support follow-up when a collective redundancy clearly has a negative impact on the jobs of other workers” - in actual practice it is difficult to identify the number of redundancies amongst sub-contractors that is concurrent with the restructuring. Nonetheless, the budget attributed by the Walloon region depends on this number.

The problem of workers with non-renewed fixed-term job contracts

Another difficulty linked to the decree’s measure related to the support follow-up provided to workers with non-renewed fixed-term job contracts (description of innovation or enhancement triggered by the crisis above) is that, as the employers are not obliged to communicate to the PES or trade union organisations the number of workers whose contracts are not renewed, it is difficult for the latter to request that this sector of the population be provided with support follow-up.

Who finances it and what are the usual costs?

A business company which proceeds to collective redundancy contributes financially in the case of calling on a private outplacement service provider. When the public ‘reconversion unit’ mechanism is chosen by the social partners, the Walloon region makes provision for (the decree’s implementing law) an average maximum cost of EUR 375 per worker or interim worker, for the following items:

- paid training of benefit to laid-off workers i.e. specific training programmes or those in addition to those offered by public training providers;
- hourly allowances;
- travelling costs.

The figure of EUR 375 per worker does not take into account the budget allocated for human and material resources. In addition, in actual practice, companies are invited (voluntarily) to devote a part of the budget stemming from social negotiations (which feature in collective labour agreements bringing to a conclusion their social programme) to finance paid training, whether or not the support follow-up provider is private or public.

8.17.5 Examples

The ‘Volkswagen’ case

The collective redundancy carried out by the Volkswagen company in December 2008 led to several support follow-up mechanisms being set up over the whole of Belgium. In the Walloon region 1 308 workers were affected and they were assigned five outplacement agencies.

Due to the size of the restructuring, the Walloon PES decided to bring in private operators to work side-by-side with the ‘Volkswagen reconversion units.’ The private outplacement agencies took responsibility for six theme-based sessions of three hours for three specific groups (people aged under 45, people, aged over 45 and people who were ‘candidates’ for early retirement pensions). Individual, trade union and administrative support follow-up were for their part taken in hand by the public bodies.

In terms of returning to work the results were as follows: 55.3% in permanent employment; 25.8% on fixed-term contracts; 11.5% in interim work; 4.2% as self employed workers; 2.1% on unidentified contracts; 1% through assistance for work measures.

In terms of training a very large number of people had enrolled on training programmes when the mechanism was brought to an end; 508 training programmes had been completed, 64 training programmes were in progress and 58 training programmes were scheduled when the cell was closed (for more information on the types of training programme followed⁶⁶.

Evaluations undertaken

Several qualitative research studies have been carried out in the Walloon region, notably by the Free University of Brussels Centre for the Sociology of Employment, Work and Training (TEF/METICES centre). On a quantitative level, it should be noted that in 2008, 26 reconversion units had been set up in the Walloon region, which involved 3 682 workers (32% with white-collar status, 68% blue-collar workers, 79% men and 21% women). A return to work was observed (excluding people capable of taking an early retirement pension and those affected by a work disability) at the rate of 46.9% of female blue-collar workers, 69.8% of male blue-collar workers, 78.8% of female white-collar workers and 89.6% male white-collar workers.

In terms of the quality of the jobs which have been found, the blue-collar workers have been more involved with a return to work through interim or fixed-term contracts (43.9% for women and 50% for men, compared with 16.6% for female white-collar workers and 26.9% for male white-collar workers). 962 people followed a training programme.

8.17.6 Bibliography

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